FINANCIAL TIMES

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WORLD NEWS

Leasing plan for council properties

Manchester City Council is considering leasing property worth £200m, including schools, art galleries, historic buildings and an abattoir, to a property investment company it owns.

Money from the deal would help maintain services and reduce rent and rate rises, said Graham Stringer, leader of the Labour-controlled council.

The properties would be leased for at least 75 years to Manchester Mortgage Corporation and rented back to the city. Back Page

Bail law to stay

Ministers said there were no plans to change the Bail Act, which has been criticised since it was learnt that a man convicted of killing PC Keith Blakelock was on bail before another murder trial at the time.

Doctor admonished

Wigan anaesthetist Dr Ramachandran Subramanian was admonished by the General Medical Council after four women said their anaesthetic failed during caesarian births.

Redundancy backed

A woman made redundant because she was pregnant was not unfairly dismissed, the Appeal Court ruled, a setback for equal rights campaigns. Page 5

Surprise over BBC job

London Weekend Television programmes director John Birt has been offered the job of BBC deputy director general, causing surprise at the BBC.

Italian general shot

Italian air force General Licio Giorgiero was shot dead in a car in west Rome by two men on a motorcycle. Red Brigades guerrillas claimed the attack.

'384 Libyans killed'

Chad said its troops killed 348 Libyans and captured 48 in fighting near the Libyan air-base of Ouadi Doum, north Chad.

Mexican party purged

Mexico's Institutional Revolutionary Party removed supporters of the dissident Democratic Current group from its youth wing.

Child kidnap move

The European Parliament appointed a mediator to deal with cases of children abducted by one of their parents.

Beirut hostage released

A kidnapped Saudi Arabian student, Khaled Deeb, was freed in Beirut. A Saudi diplomat was released three days ago.

Paris porn ban plan

French Interior Minister Charles Pasqua was criticised for threatening to ban 10 French magazines under a 1949 pornography law. Page 2

Surinam killings

Anti-government guerrillas killed three policemen in an attack on a village near Paramaribo, Surinam.

Fine Gael vote today

Fine Gael, the main Irish opposition party, elects a leader today to succeed Dr Garret FitzGerald. Any of the three candidates could win. Page 2

Stalag hi-de-hi

A Second World War prison camp which housed Italians and Germans at Old Malton, N Yorks, opens as a tourist attraction today. It features barbed wire, singing Italian waiters and garlic smells, and visitors can pay to sleep in huts inside the compound.

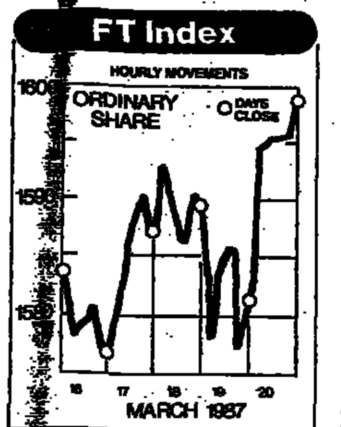
BUSINESS SUMMARY

EEC and US in fibres trade dispute

A 10-year legal battle over patent rights for super-strong synthetic fibres is likely to trigger the latest trade row between the US and the EEC.

The European Commission threw down a challenge to the US under the General Agreement on Tariffs and Trade, claiming unfair discrimination against Akzo, the Dutch chemicals maker. Back Page

EQUITIES and gilts surged in response to the cuts in mortgage rates. The FT-SE 100 Share Index closed 26.5 up at a record 2,017.5 and the FT Ordinary Share Index finished 17.3 higher at 1,598.9. Page 12



MEXICO and about 360 creditor banks formally agreed on a new $7.7bn (£4.8bn) loan package, the largest to a Latin American debtor country since the region's financial crisis flared in 1983.

SAS, the Scandinavian airline, postponed a decision on whether to buy 12 McDonnell-Douglas MD-11 airliners so that it could study a rival offer from Airbus Industrie. Back Page

PAN AM, troubled US airline, reported a net loss of $462.8m (£288.9m) for 1986, against a profit of $51.8m.

WEST GERMAN Government is to go ahead with the sale of its remaining 25.55 per cent stake in the energy and chemicals conglomerate, Veba, on Monday. Page 10

STATE prosecutors in West Germany investigating fraudulent currency losses at Volkswagen have called on the assistance of a central bank foreign exchange expert. Page 10

COLLEGE and polytechnic lecturers will next week be offered an average pay rise of nearly 10 per cent under a deal intended to make further education more responsive to industry's needs. Page 5

PROPERTY investment: Trading of units in single property ownership trusts will start next year as one element in a market under the aegis of the Stock Exchange. Page 5

WIMPY International will become the first Western fast food company to open an outlet in Eastern Europe under a deal signed yesterday between its parent company, United Biscuits, and Bulgaria. Page 4

ENTERPRISE OIL of the UK maintained its 1986 dividend at 8.5p despite a fall in net profits of more than 60 per cent to £23.4m. Page 8; Lex, Back Page

DIXONS, which announced on Wednesday that it had won control of the US electrical retailing chain Cyclops, agreed at the request of the Securities and Exchange Cimmission to extend its $384m (£240m) offer until Tuesday. Page 8

MARLER ESTATES said that three consortia interested in buying Fulham Football Club must show evidence of financial backing by next Wednesday. The original deadline was yesterday. Page 5

MARKETS

DOLLAR
New York lunchtime:
DM 1.83325
FFr 6.104
SFr 1.536
Y151.625
London:
DM 1.834 (1.8335)
FFr 6.105 (6.1025)
SFr 1.5365 (1.5345)
Y151.65 (151.45)
Dollar index 103.1 (same)
Tokyo close Y151.53

US LUNCHTIME RATES
Fed Funds 6⅛%
3-month Treasury Bills:
yield: 5.62%
Long Bond: 99⅞
yield: 7.51%

GOLD
New York: Comex April latest
$405.9
London: $404.5 ($404.25)

STERLING
New York lunchtime $1.6045
London: $1.602 (1.6035)
DM 2.9375 (2.94)
FFr 9.78 (9.785)
SFr 2.4625 (2.46)
Y243.0 (242.75)
Sterling index 72.2 (72.3)

LONDON MONEY
3-month interbank:
closing rate 9⅝% (same)

NORTH SEA OIL
Brent 15-day April (Argus)
$18.10 ($18.05)

STOCK INDICES
FT Ord 1,598.9 (+17.3)
FT-A All Share 1,006.6 (+1.2%)
FT-SE 100 2,017.5 (+26.5)
FT-A long gilt yield index:
High coupon 8.82 (8.91)
New York lunchtime:
DJ Ind Av 2,318.61 (+19.04)
Tokyo:
Nikkei 21,657.67 (+13.35)

Chief price changes yesterday, Back Page

CONTINENTAL SELLING PRICES: Austria Sch 20; Belgium BFr 45; Denmark DKr 9; France FFr 6.50; W Germany DM 2.20; Ireland 80p; Italy L1,600; Malta 30c; Netherlands Fl 3; Norway NKr 7.00; Portugal Esc 100; Spain Pta 125; Sweden SKr 8.00; Switzerland SFr 2.20.

Three big building societies drop home loan rates to 11.25%

BY HUGO DIXON

THREE OF Britain's largest building societies cut their mortgage lending rates to 11.25 per cent yesterday in response to the fall in bank base rates to 10 per cent earlier this week. Most other mortgage lenders are expected to follow suit next week.

A fall in mortgage rates was widely expected following the favourable reception financial markets gave to Tuesday's Budget, although societies had said they would wait for money markets to settle before making their move.

The lower rates, which are down by between 1 and 1¼ percentage points, apply to new borrowers immediately and to existing borrowers from May 1. This should be soon enough for its effects to be evident in the retail prices index if the Government were to decide on a June general election.

The Department of Employment calculates that every 1 percentage point fall in mortgage rates brings a 0.36 percentage point reduction in the RPI, although Treasury spokesmen believe the effect to be nearer 0.45 points.

Because of the way data for calculating the RPI are compiled, only some of this would appear in the May figures, which are published in mid-June. The rest would appear in the June figures.

The Abbey National, Britain's second largest building society, led the market, cutting its rate from 12.375 per cent to 11.25 per cent. The Halifax, the largest society, and Leeds Permanent, the sixth largest, followed. They lowered their rates *by 1 and 1.1 points respectively*, also to 11.25 per cent.

All three societies said they had taken their decision in the expectation that base rates, which have fallen by 1 per cent age point this month, would fall a further half point.

Mr Tim Melville-Ross, chief executive of the Nationwide Building Society, Britain's third largest, said last night: "We have no intention of following. Our position is to wait and watch markets for another couple of weeks."

However, Mr John Bayliss, Abbey's general manager, justified his decision to move early by saying societies lived in a competitive and tough world.

He said: "If you sit and wait, you're not in control anymore. *You become a follower.*"

Last week, Midland Bank cut its mortgage rate from 12.5 per cent to 11.5 per cent, and the Abbey was worried that if it waited, other lenders might set a rate which did not suit it.

Given that the Abbey expects the eventual fall in base rates to be 1¼ points, the decision to move early was not an attempt to build up market share but

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Retail price index steady, Back Page

MONTHLY MORTGAGE PAYMENTS (£)

Loan £000s	Repayment old*	Repayment new†	Endowment old*	Endowment new†
15	124.15	119.23	108.72	102.66
20	165.54	158.98	144.96	136.88
25	206.92	198.72	181.20	171.10
30	248.30	238.46	217.44	205.32
35	289.53	276.73	268.48	252.90
40	343.58	327.11	319.53	299.07
45	397.63	377.49	370.57	345.94
50	451.67	427.87	421.61	392.82

* Interest rate of 12¼%, income tax basic rate 29%. † Interest rate of 11¼%, income tax basic rate 27%.

Figures assume 25-year repayment term for borrower receiving basic rate tax relief through Miras scheme. Repayment mortgages are calculated on a net annuity basis.

Source: Halifax Building Society

Belgrade rolls back prices in bid to stem inflation

BY ALEKSANDAR LEBL IN BELGRADE

AN APPARENTLY divided Yugoslav Government yesterday added a partial roll-back of prices to its politically controversial wage controls in an attempt to stem inflation running at an annual rate of 130 per cent.

The decree, which manufacturers have five days and retailers eight days to implement, requires that prices increased *by more than* 20.3 per cent this year must be cut to their level of December 31 last year and remain there for the next three months.

The move is a response to mounting trade union complaints at the one-sided nature of the wage measure, which the Government introduced at the start of this month, to roll pay levels back to their average level in the last quarter of last year. This has caused an unprecedented rash of protest strikes.

Evidence of Government disarray under the pressure of the economic crisis was evident yesterday. Only half-an-hour before the official Tanjug news agency carried news of the price roll-back, senior ministers were telling a news conference that price controls would be counter productive.

Mr Milos Milosavljevic, a vice prime minster responsible for the economy, and four cabinet ministers, said price controls would add to shortages and be a step backward from the introduction of market laws.

As inflation has mounted, Yugoslav goverments hve introduced several forms of price controls, which the International Monetray Fund criticised during its 1980-86 supervision of the economy under successive standby credit arrangements. The IMF ceased detailed supervision of Yugoslavia last May, since when inflation has accelerated further.

Yugoslav officials are likely to find themselves under pressure to return to a closer relationship with the IMF when they meet representatives of western government creditors in Paris on March 30. Yugoslavia owes western governments and banks about $19bn (£11.9bn) and is approaching a crucial phase in renewing rescheduling terms.

An unusual feature of Yugoslav hyper-inflation is the degree to which many commodity prices are already controlled.

Since last summer, many products, including foodstuffs, farm machinery, textiles, furniture, ceramics and tools, have been under some form of control. Nevertheless, in January and February this year retail prices rose by 14.8 per cent, an annual rate of increase of close to 130 per cent.

Tebbit puts party on poll alert

BY PETER RIDDELL, POLITICAL EDITOR, IN TORQUAY

THE Conservative Party was yesterday put on the alert for a general election campaign as senior ministers set out the policy agenda for a third term and intensified their attack on the SDP-Liberal Alliance.

Mr Norman Tebbit, the Conservative chairman, said the party was "on the starting blocks, ready to go, whenever the Prime Minister fires the gun, whether it is this year or next."

In a change of tactics he devoted a large part of his speech to a ferocious attack on the Alliance which has seen its standing rise to a point where it could threaten Tory seats in the south.

Following recent sharp exchanges with Mr David Steel, the Liberal leader, Mr Tebbit said what he disliked about the Liberals was their "downright deceit, the selling tactics that would land a doorstep encyclopaedia salesman in jail."

Mr Tebbit was addressing a two-day meeting in Torquay of the Conservative Central Council of key local activists amid growing speculation about a June general election.

Senior ministers accept that, after one of the best weeks for the Government for a long time, the bandwagon for a June poll is gathering momentum and may prove hard to check.

Mrs Thatcher, is expected to be non committal when addressing the meeting this morning. She has yet to be persuaded of June given her caution about election timing and the preference of some close advisers for an early autumn date. A final decision will depend on the May 7 local election results.

A constant theme of yesterday's ministerial speeches was "the people's choice," a possible title for the Conservative manifesto. The slogan for the meeting was Moving Forward, following the theme of The Next Move Forward of the party conference last October.

Mr Nigel Lawson, the Chancellor, was given a standing ovation after stating his further agenda of cutting the basic rate of income tax to 25p, privatising most of the rest of state industry in the next parliament and further increasing the number of private shareholders which has already trebled since 1979.

Mr Lawson said he would "continue to make the defeat of inflation the top priority until we have eliminated it altogether."

All ministerial speakers yesterday attacked the Alliance and sought to show Labour, the Liberals and the SDP as being little different in their policies. On Monday the Tories will seek to highlight the 10th anniversary of the agreement oft he Lib-Lab pact of 1977.

Mr Tebbit criticised Mr Steel but avoided direct personal reference to Dr David Owen, the SDP leader.

After criticising Labour he said "the voters will not give Mr Kinnock the front door key to 10 Downing Street, but a Lib-Lab pact could give him the ladder to climb in through the back window."

Tory party rule change row, Page 4

Japan's telecoms move prompts trade war fears

BY NANCY DUNNE IN WASHINGTON AND IAN RODGER IN TOKYO

JAPAN'S EFFORTS to keep foreign companies out of its telecommunications market have unleashed a storm of protest in Washington, where the Senate voted unanimously on Thursday for a motion calling for retaliation by President Ronald Reagan.

The vote is non-binding, but comes at a time when patience with Japan is widely regarded as close to breaking point in both Congress and the Administration, prompting renewed fears of an escalating trade war between the two countries.

Trade frictions already seem likely to cloud the planned visit to Washington of Mr Yasuhiro Nakasone, Japanese Prime Minister, at the end of next month. Because of the anti-Japanese mood on Capitol Hill, key legislators are understood to have discouraged administration suggestions that Mr Nakasone should address a joint session of Congress.

The immediate spark for the Senate's resolution was the announcement in Tokyo this week that two rival consortia seeking a licence to operate as Japan's second telecommunications carrier are to be merged into one unit in which foreigners will be limited to a stake of no more than 3 per cent.

However, it comes at a time when the Administration is already due to consider sanctions against Japan for what it alleges is dumping of microchips in third markets in violation of last year's semiconductor trade agreement between the two countries.

Yesterday it emerged that both Mr Malcolm Baldridge, Commerce Secretary, and Mr Clayton Yeutter, US Trade Representative, had made strong protests to the Japanese Government on its efforts to limit foreign participation in the telecommunications consortium.

Pacific Telesis of the US has a 10 per cent stake in International Digital Communications, one of the two groups bidding for the telecommunications licence. Merrill Lynch has a 3 per cent stake, while Cable and Wireles of the UK has a 20 per cent stake.

Mr Jonathan Solomon, C and W's director of corporate strategy, said in Tokyo yesterday that one reason for heightened US interest in the telecommunications issue was the project by C and W and several independent US partners to lay a trans-Pacific cable between the US and Japan.

The US supported the project, partly because it would provide fresh competition for American Telephone and Tele-

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US poised to impose sanctions over chips

BY LOUISE KEHOE IN SAN FRANCISCO

THE US appears set to impose punitive sanctions against Japanese semiconductor producers after a Commerce Department review determined that they were continuing to "dump" memory chips in Asian markets.

The apparent contravention of the US-Japanese semiconductor trade agreement signed last year will intensify pressure in Washington to force Japanese companies to comply with the pact.

US government officials and industry executives said the review found widespread examples of Japanese memory chips being sold in Hong Kong, Taiwan and other countries well below the fair market values calculated by the department.

The Senate voted unanimously on Thursday in favour of urging President Reagan to retaliate against Japanese violations of the pact and it appears unlikely that Japanese efforts to encourage production cuts and the purchase of more US chips in line with the pact will prove sufficient to forestall sanctions.

The form of trade sanctions is still to be determined. US trade officials said, howerer, that they were leaning toward imposing import tariffs on Japanese goods such as computers and consumer electronics manufactured by the companies alleged to be dumping chips.

It is unlikely that import tariffs will be placed directly on chips, because this could raise US prices of Japanese chips, hurting US computer and electronics equipment manufacturers.

Sanctions, if applied, are expected to be combined with continued price monitoring. Japanese companies that fall in line with the trade pact by raising their memory chip prices would gain relief from the sanctions.

Japan bids to preserve chip pact, Page 3

WEEKEND FT

LATIN AMERICA
Christ the redeemer can also be Christ the guerrilla in Latin America, which has 45 per cent of the world's Catholics.
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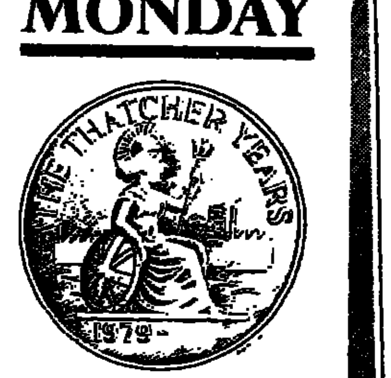
FINANCE
The Budget and you.
Pages IV to VII

LAP - TOPS
Compatibility, readability—screen technology is improving battery-operated portable computers, but you should look hard before you leap.
Page XV

GOLF
Preview of the coming season.
Page XXII

INDEPENDENT SCHOOLS
A Weekend FT special report.
Pages XVIII and XIX

MONDAY



THE FT starts a daily series, assessing the impact of the most important figure in post-war British politics on the economy, society, business and Britain's foreign relations.

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Reagan wins on points in bout with Press

BY LIONEL BARBER IN WASHINGTON

PRESIDENT REAGAN's first live news conference in four months failed to live up to its advance billing. Variously described as a critical measure of his recovery from the Iran arms scandal and a heavyweight contest with a frustrated White House Press corps, it ended up with the 76-year-old President well ahead on points.

He avoided the blatant fumbles and factual errors of his disastrous news conference on November 19 and emerged as an affable, if occasionally tense, President. This was because he was immeasurably better prepared since the arrival of Mr Howard Baker as White House Chief of Staff last month.

Reaction among political leaders and the news media was generally favourable yesterday. But comment was almost invariably confined to how he performed rather than what he actually said (which was very little in terms of new information about the Iran arms scandal).

Senator Robert Dole, Senate Republican Minority leader, who is bidding for his party's presidential nomination next year, echoed many when he said: "The critics who came up looking for blank ammunition came up with blanks. The bottom line is that the President is in charge."

Mr Bob Strauss, the former Democrat national chairman, said of Mr. Reagan's performance: "It got the job done for him, and it will help him." He added later in a reference to the Iran arms deal (which took up the vast bulk of reporters' questions on Thursday night): "I think the American public is bored with this story."

This must be the fervent hope within the White House, but it may be a premature judgment.

There is still one big mystery: what happened to the money siphoned off from US arms sales to Iran and how much went to the Nicaraguan Contras. The American public —just like the two congressional select committees and the special prosecutor—are awaiting a satisfactory answer.

President Reagan, playing the role of innocent bystander on Thursday evening, told reporters that news of a diversion of funds came as a complete surprise. As to whether his top White House aides, such as former National Security Adviser John Poindexter, mentioned the secret Contra funding operation, Mr Reagan said: "They just did not tell me what was going on."

It is also clear that Mr Reagan still believes that he was right in authorising the arms sales as part of a deal to secure the release of American hostages held in Lebanon. Despite several challenges, he stuck to this point. Indeed, before he warmed up, he suggested that a premature press leak about the arms sales had prevented hostages being freed last November.

But being alert and remembering a few dates and facts for half an hour in front of quizzing reporters is only part of Mr Reagan's challenge. Which is why Thursday night at the White House will go down more as spectacle than substance.

IMF silent on abrupt resignation of director

BY NANCY DUNNE AND LIONEL BARBER IN WASHINGTON

A SPOKESMAN for the International Monetary Fund yesterday refused to comment on the abrupt resignation of Mr C. David Finch, a 37-year-veteran of the fund in charge of arranging conditions under which loans are made.

Mr Finch, 63, was due for mandatory retirement next year. According to press reports, he resigned at an executive board meeting last Wednesday, charging that the US has pressured the IMF to reduce conditions it places on some of its loans.

Over the past year, as the international debt crisis has worsened, the IMF has been under pressure to relax the strict conditions of its loans. Diplomats in Washington said yesterday the US had argued for a relaxation in the IMF's lending policy towards Mexico and Egypt.

Mr Finch, in his resignation, was said to have cited in particular US pressure for softening conditionality for Zaire and Egypt.

A two-year $214.2m standby facility was approved for Zaire in May 1986 to help pay its import bills. Less than $50m has actually been withdrawn from the facility.

Egypt has not borrowed IMF funds for years. However, a staff mission has recently returned from that country with a proposed agreement. The proposal is under management review, and has yet to come before the executive board.

Mr Finch, who was educated at the University of Melbourne and the University of London, joined the research department of the fund in 1950. He has held the job of director of the exchange and trade relations department since 1980.

Mr Finch's secretary at the fund yesterday said he was out of the country and unavailable for comment.

A US official yesterday rejected charges that the US was pressuring the IMF fund to relax loan conditions. He said lending terms for Egypt were being discussed and different views had emerged, as with any other lending programme. The IMF loan to Egypt would be the first in memory, the official said.

Pasqua takes a stand on porn

By Paul Betts in Paris

FRANCE'S bulldog-like Interior Minister, Mr Charles Pasqua, provoked a new and highly vocal controversy yesterday by threatening to ban the publication of 10 French glossy sex magazines in the very week the famous Paris book fair opened in the Grand Palais.

The Minister, who has regularly claimed the headlines for his tough and controversial approach to law and order, has decided to use the powers which a 1949 law on pornography gives him to clamp down on sex publications, or as the French call them, la presse du charme.

However, this legislation, which enables the Government to ban the sale and advertising of pornographic magazines deemed to be harmful for young people, was last used 20 years ago

Mr Pasqua's initiative immediately provoked howls of protest from the left and from intellectuals accusing the Government of censorship. It also caused embarrassment to Mr Francois Leotard, the liberal Culture and Communications Minister, and other members of the administration and the right-wing majority.

The independent left-wing daily Libération called it Mr Pasqua's "great moral laundry campaign" and in a passionate editorial asked: "How high will Charles Pasqua's repressive erection rise?"

Mr Pasqua retorted that freedom did not provide a licence to do simply anything and that democracy was not synonymous with chaos.

The threatened magazines have 15 days to make their case against the application of the law.

They include four of the main glossy titles of the Filipacchi group, the country's fourth largest magazine group. It is a partner of Hachette, the leading French publishing house now bidding for control of TF-1, the state television network which is to be privatised. The four Filipacchi magazines include Penthouse - Newlook, L'Echo des Savannes and Photo.

The other publications include one of France's leading homosexual magazines "Gai Pied" and five others: Prive Madame, Le Club, Absolus Lettres, Absous and Prive.

Although the decision appears on the surface to be another blunder by the Interior Minister, it is also regarded by political observers as a calculated effort by the Chirac administration to comfort and extend its right-wing electoral base in the provinces—la France profonde as it is known.

Mr Pasque may also have been tempted to launch a campaign against pornography following the recent successes of the French security forces in arresting leading members of the Action Directe left-wing terrorist group.

These successes have helped boost the popularity of the Government, and of its controversial Interior Minister in recent opinion polls.

Moreover, the explosion of soft pornography and of sex even at prime time on French television has increasingly worried the solid core of the country's bourgeoise.

However, Mr Pasqua's hamfisted approach has been criticised by leading right-wing politicians. Mrs Simone Veil, a key member of the centrist UDF coalition, said any move to ban newspapers or magazines was extremely serious and required broad consultation to prevent the Government being accused of censorship.

UK visa office in Lagos re-opens

BRITAIN'S new visa office in Lagos, closed last month after the Nigerian Government complained about traffic problems it caused in a high security area, re-opened yesterday, writes Michael Holman.

Under an experimental arrangement, applicants will be taken by bus on the short journey from the High Commission, located in the diplomatic area of the city, to the visa Office. Some 200,000

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Hugh Carnegy in Dublin assesses the form of runners in the FitzGerald stakes

Neck-and-neck in Irish three-horse race

FINE GAEL, Ireland's main opposition party, will elect a leader today to succeed Dr Garret Fitzgerald, Prime Minister until 11 days ago, from three candidates who yesterday all insisted they were set for victory.

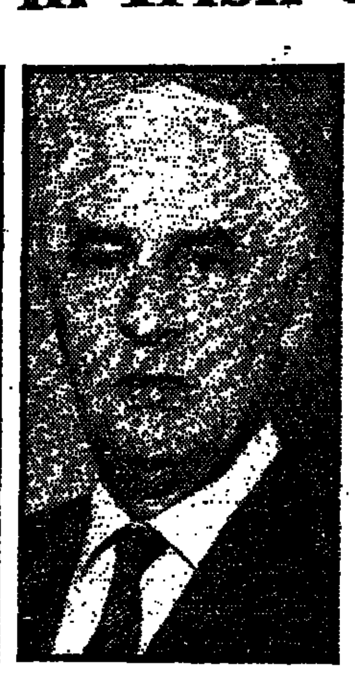
Few clues have emerged as to who is likely to top the ballot of 82 Deputies, Senators and Members of the European Parliament in spite of ten days of intensive canvassing by Mr Peter Barry, Mr Alan Dukes and Mr John Bruton, respectively Foreign, Justice and Finance Ministers in the government replaced by Fianna Fail after last month's general election.

Many commentators have suggested the contest will be between Mr Barry and Mr Dukes with the outcome possibly depending on transfers from Mr Bruton after his elimination. But Mr Bruton, who has quartered the country since Dr Fitzgerald resigned, talking personally to all the electors, says he believes he has secured a majority.

Attempts to gauge the outcome have been made almost impossible by a party ruling forbidding public comment on voting intentions by the electors. This has succeeded in stopping the election becoming a bitter public battle similar to leadership contests within Fianna Fail in recent years.

Some of the most vocal campaigning has come from Mr Barry, Dr Fitzgerald's deputy and the high-profile co-chairman of the Anglo-Irish ministerial conference in the last Government. In the past week, he has repeated warnings to Fianna Fail to sustain the Anglo-Irish Agreement signed in 1985 and said that Mr Charles Haughey, would face a "rough ride" from Fine Gael led by him.

Peter Barry: impeccable party credentials.



Alan Dukes: formidable television performer.

John Bruton: handicapped by one-issue image.

Mr Barry, a successful tea merchant from Cork whose father was also a Fine Gael Deputy, has impeccable party credentials. As Foreign Minister, he says he built an especially close relationship with Sir Geoffrey Howe, the British Foreign Secretary.

But at 58 years old, Mr Barry has to overcome a feeling fairly widespread within the party that Fine Gael needs a younger man to rebuild the organisation after its heavy election defeat and fend off a growing invasion of its ground by the Progressive Democrats, a new party that took 14 seats in the election.

This has strengthened the hand of Mr Dukes (42), who is very popular within the party organisation at constituency level. Mr Dukes, successively Finance Minister and Justice Minister in the last Government, has only been in the Dail (Lower House) since 1981, but he is highly regarded as a well-rounded politician who shares many of Dr FitzGerald's concerns to modernise Roman Catholic-dominated Irish Society.

Tall and bespectacled, Mr Dukes has a reputation as a formidable television performer and he is probably the candidate whom Mr Haughey and Fianna Fail would fear most on the floor of the Dail.

Before entering Parliament (he was made Agriculture Minister on his first day in the House), Mr Dukes worked in Brussels for eight years, first as chief of the Irish Farmers' Association office and then in the cabinet of the then Irish EEC Commissioner, Mr Dick Burke.

Contesting his claim as the young pretender is Mr John Bruton, a prosperous County Meath cattle farmer who is two years younger than Mr Dukes but has been in the Dail since 1969. Although a confident public performer who reduced many a Fianna Fail spokesman to stutters on television during the election campaign, Mr Bruton is handicapped by a one-issue image.

This stems from his long-standing and pugnacious advocacy of free market economics —latterly as Finance Minister— as the way out of Ireland's economic difficulties. Many in Fine Gael are concerned that he is regarded by the public as too right-wing and is not identified with concern on pressing social issues.

To his credit, he offers the clearest vision of how to tackle the country's biggest problem, the economy, and has not been as backward in confronting other issues as some make out.

French banks to boost bad debt provision

BY GEORGE GRAHAM IN PARIS

THE FRENCH authorities have changed their tax rules to help banks increase their provisions for bad debts.

The French Treasury has written to the French Banks Association outlining new rules under which banks will be allowed to make tax-free provisions for country risks.

A new and extensive list has been drawn up which nearly doubles the number of countries whose debt can be treated as tax-deductible. The authorities have also increased the permissible level of provision for these countries' debt.

The new guidelines agreed by the Frnech Treasury will allow tax-deductible provisions, as before, for debtor-countries with admitted payments difficulties or with rescheduling agreements with the commercial banks or the "Paris club" of sovereign creditors.

In addition, a third category of bad-risk countries is created to include countries whose debt-service payments are high in proportion to the value of their exports of goods and services.

No precise percentage is fixed, so tax inspectors will still have some discretion over whether they treat provisions for these countries' debts as tax deductible.

In general, however, countries whose debt service payments have reached 25-40 per cent of their total exports will be covered by the new clause.

The new category includes a considerable number of countries not previously accepted by the tax authorities as bad risks. They are not usually the largest debtor-nations, however, which were for the most part already covered by the first two categories of bad risk.

France has been among the Western creditor countries with the best rate of provisions for doubtful sovereign debt, with the major nationalised banks, in particular, preferring to build up their reserves instead of paying large dividends to their shareholder, the state.

Bankers in Paris doubt whether the effort of the past few years to provide for bad debts would have been as significant if these provisions had had to be made out of after-tax profits, as is now the case in the US.

The banking authorities are still anxious, however, to increase provision levels, especially among the foreign-owned banks in France, which have in general provisioned less heavily than the domestic banks.

The foreign-owned banks are expected to be required to increase their rate of country risk provisions in order to come up to the national average.

Some state-owned banks have also been encouraged to boost their country risk provisions to the same level as their competitors.

Crédit Commercial de France, due to be privatised next month, is carrying out a balance sheet operation to increase its country risk provisions by FFr 2bn (£200m).

Six arrested in France on Ariane secrets charges

BY DAVID HOUSEGO IN PARIS

SIX PEOPLE were arrested yesterday on charges of supplying information to the Soviet bloc on the European-owned Ariane space rockets.

The arrests were made at Rouen close to where the motors for the three-stage rocket are built by Société Européenne de Propulsion (SEP), the French-owned aerospace company.

No details of the charges were released and the only confirmation of Soviet involvement were the identity of some of those arrested, and remarks by Mr Frederic d'Allest, head of the French National Space Agency (CNES).

He said that the alleged spying probably involved "an eastern bloc connection."

In political terms, the arrests are bound to reinforce French determination to be "vigilant" towards the peace overtures of Mr Mikhail Gorbachev, the Russian leader. The arrests will also revive memories of the expulsion of 47 Soviet diplomats from France in 1983 on spying charges.

Those arrested include Mr Pierre Verdier, head of the Rouen office of the national statistics institute, INSEE, and whose wife, also charged, is of Russian origin: Mr Michel Fleury, an official of INSEE in Paris: Mme Antonetta Manole, who also worked at INSEE and is of Romanian origin; and Mr Jean-Michel Haury, who worked at SEP.

French state television alleged that the network had also collected financial secrets on other defence-related industries which would reveal France's military research priorities.

W Berlin hinders bid for links by Comecon, EEC

BY WILLIAM DULLFORCE IN GENEVA

WEST BERLIN's status continues to thwart efforts by the European Community and its Soviet-led counterpart, the Council for Mutual Economic Assistance (Comecon), to establish formal relations after 30 years of denying each other's existence.

For the EEC, there was no way round the Berlin issue, a senior European official said yesterday after a three-day meeting in Geneva of exports from the two blocs.

They had been examining the draft text of a joint declaration designed to establish relations. Their first meeting was held in September after Mr Mikhail Gorbachev, the Soviet leader, had indicated in May that he wanted an agreement

The 1957 Treaty of Rome creating the EEC explicitly includes West Berlin as part of the Community. Any agreements entered into by the EEC must cover West Berlin, the Brussels Commission insists.

In the Soviet view, the 1971 agreement codifying the status in the former German capital of the four occupying powers precludes any such interpretation.

Heat goes out of row over Airbus funding

BY WILLIAM DULLFORCE

The US-EEC dispute over European governments' financing for the Airbus airliners has been thoroughly deflated in Geneva this week.

After the EEC rejected on Thursday what it considered to be a "confrontational" US approach in the civil aircraft committee of the General Agreement on Tariffs and Trade, the US yesterday agreed to resubmit its request for clarification of Gatt rules without any direct references to Airbus Industrie or to the four governments backing the consortium.

The committee briefly initiated a discussion of articles in Gatt's agreement on trade in civil aircraft which prohibit government "inducements" to airlines to buy from a particular manufacturer and stipulate that the pricing of civil aircraft should be based on a "reasonable expectation" of recouping all costs.

Further discussion in the Gatt committee is scheduled for July. In the meantime the US and EEC will hold informal consultations on the Gatt rules.

Istanbul magazine seized

By David Barchard in Ankara

THE CURRENT issue of one of Turkey's leading magazines, Yeni Gundem, has been seized after it published a cover story on the Kurdish problem.

The owner of the paper, Mr Murat Belge, was questioned by a prosecutor in Istanbul yesterday and it is thought likely court proceedings will follow.

The cover story includes interviews with retired military officials and a Kurdish nationalist living in France. It was the most uninhibited discussion of the situation in south-eastern Turkey to appear for many years.

In this area of Turkey more than 500 people have died in clashes between Kurdish separatist terrorists and the authorities in the past 30 months.

On Tuesday the Turkish Parliament went into secret session to discuss the violence. Deputies were sworn to secrecy and deaf-and-dumb ushers were used in the chamber during the debate.

Meanwhile, in its latest list of forbidden books, the official gazette announced the banning of the National Geographic Atlas, apparently for references to Armenia and Kurdistan, both geographical expressions outlawed in Turkey.

● The Turkish Directorate-General of Highways has signed an agreement with a consortium headed by Impresit of Italy for the construction of a 160-mile motorway from Adana to Toprakkale and Gaziantep.

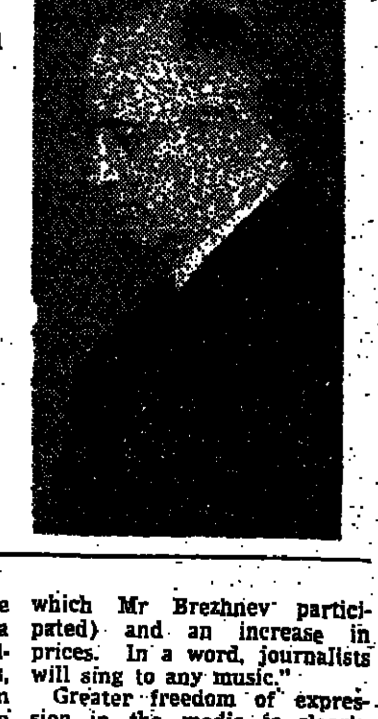
This is the latest link in a motorway which will eventually run across Turkey, from the frontier with Bulgaria in Thrace to Syria and Iraq in the south.

US to give jets to Turkey and Greece

THE US will give more than 80 surplus F-4 Phantom fighter jets to Turkey and Greece to shore up the southern defences of the North Atlantic Treaty Organisation, US officials said yesterday, Reuter reports from the Azores. Forty updated F-4E models would go to Turkey and more than 40 slightly less sophisticated versions to Greece.

Soviet public wary of Gorbachev's reforms

Patrick Cockburn on how letters to the newspapers reveal popular attitudes towards the attempt by Mr Gorbachev (right) to bring about fundamental change in Soviet society



THE IMPACT of Mr Mikhail Gorbachev's restructuring of Soviet society is slow to make an impact on the lives of ordinary citizens many of whom are still sceptical about it.

When Mr Boris Yeltsin, the Moscow Communist party leader, went around workers' hostels at the giant Zhil motor plant last December, he asked the men what changes they thought there had been over the past year. "In their view there was zero change," he said. "No movement at all."

In Leningrad a sociological survey asked workers at 200 enterprises involved in economic experiments since 1984 whether they had experienced genuine changes at their jobs. In the case of 70 per cent of the workers the answer was no.

To be fair, Mr Gorbachev and the politburo say that economic and political reforms are only now starting to be implemented. "It would be naive to believe that desired radical change can be carried out in one or two years," says Mrs Tatyana Zaslavskaya, a radical and now widely-published sociologist and economist. "If we take this task seriously, it will need long years or even a decade to accomplish."

What is the attitude of ordinary members of the 281m Soviet public to two years of Glasnost (openness) and perestroika (restructuring) under Mr Gorbachev? The intelligentsia give the changes vocal support, but do not necessarily reflect feelings on the factory floor or in the villages.

These are hard to judge in the absence of detailed opinion polls, but the vast number of letters written to the press are probably a reasonable guide. They show wary support for reforms, fear that performance will not measure up to promises and concern about the economic consequences of reconstruction. Letters also show a suspicion of the facility with which the intelligentsia, including journalists, now enthuse about openness and restructuring.

"Mikhail Gorbachev is the seventh leader I have seen in my lifetime and it is typical of newspaper correspondents to adapt themselves to any leader," wrote a Mr Kulikov to Izvestia recently.

"Under Stalin we have five-year plans, enemies at home and abroad, but we did have a drop in prices. Under Khrushchev it was sweet corn, peas, chemistry and an increase in prices. Under Brezhnev there were the Virgin Lands, Malaya Zemlya (a small and unsuccessful Second World War battle in which Mr Brezhnev participated) and an increase in prices. In a word, journalists will sing to any music."

Greater freedom of expression in the media is clearly popular, as shown by greater public interest in the press and television, and it has also created a hunger for more facts. Izvestia says its readers often criticise the Soviet media for publishing detailed reports on disasters abroad but failing to print casualty figures when similar events occur in the Soviet Union.

In fact, reporting of accidents has much improved since the Chernobyl disaster last year. The news agency Tass this week reported casualties caused by a dam collapse in Tajikistan a few hours after it had happened.

The return of emigrants to the west, highly publicised in the press, also provokes strong views. "Every former Soviet citizen should have the right to return home," writes one liberal reader, but others are more hostile, particularly those who believe returning emigrants jump the queue for flats.

Overall popular reaction to Mr Gorbachev's reforms is more cautious than among the intelligentsia. The latter tend to be much more condemnatory of Mr Leonid Brezhnev's 18 years in power, a period when many workers saw their real incomes almost double. There is also an undercurrent of suspicion that liberalisation and admission of past mistakes and failings is a sell out to the West.

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Japan in fresh bid to preserve chip trade pact

BY CARLA RAPOPORT IN TOKYO

PAN yesterday launched a sh initiative aimed at preving the embattled US-Japan miconductor trade pact and ding off rising protectionist ntiment in the US.

Following the US Senate's ll, for retaliatory action ainst the Japanese over ports of continued semiconctor dumping, top governnt officials yesterday tructed the nation's largest ctronics companies to boost rchases of foreign microchips d to redouble their efforts to oid any possibility of dumping arges.

Both the government and the lustry were deeply embarssed yesterday by reports that e major chip maker had been ught dumping chips in Hong ng.

The maker yesterday admitted had sold the chips for an reasonably low price, but nied the dumping charge, ing the chips were from old cks.

The company's president yesday formally apologised to e industry and the government for creating trouble for pan. The reports provided e first published evidence of dumping since the chip trade pact was agreed last summer.

Japan's Ministry for International Trade and Industry (Miti) termed the incident "regrettable" and urged the nation's leading chipmakers to avoid any offers which could provoke the suspicion of dumping.

Signed last autumn, the chip pact was intended to eliminate dumping by Japanese companies in overseas markets and boost access of foreign chips to Japan.

On the issue of market access, Miti officials told the leading chip makers that their purchases of foreign chips had declined, rather than increased, since the pact was signed.

This was apparently due to the economic slow-down in Japan caused by the appreciation of the yen and slower exports.

Even so, Mr Hajime Tamura, Miti Minister, told the 10 companies which account for 40 per cent of chip purchases by Japan, that he would like to see "some visible sign" of increased chip imports in the current year.

NZ rejects criticism of defence policy

By Dai Hayward in Wellington

NEW ZEALAND's Defence Minister, Mr Frank O'Flynn, last night rejected criticism of New Zealand's anti-nuclear defence policy by Australia's Opposition leader, Mr Ian Sinclair.

"Mr Sinclair is punch-drunk from warding off attacks" by Sir Joh Bjelke-Petersen, Queensland's Premier, who is making a bid for Mr Sinclair's position, Mr O'Flynn claimed.

Mr Sinclair had said that a Liberal-Country Party coalition Government in Australia could see New Zealand losing its favoured status as a close ally.

Recalling that Australia's Defence Minister, Mr Kim Beazley, had praised New Zealand's defence capability and armed forces, Mr O'Flynn said New Zealand intended to preserve that capability.

"Any Australian government that waives away the contribution New Zealand is ready, willing and able to make to maintain security in our region, including assisting in the defence of Australia if attacked, would have to be barmy." Mr O'Flynn said.

Speaking to New Zealand harshly was not only an attack on its sovereign independence. It was likely to be counterproductive.

Alexander Nicoll looks at the latest buzz-word answer to developing nations' woes

'Menus'—a new way to pay old debts

THE QUESTION "what's on the menu?" has acquired a new significance as developing countries unable to repay their debts sit down for rounds of negotiations with their commercial bank creditors.

The "menu" is the latest buzz-word for bankers tackling the 4½-year-old debt crisis, which flared again last month as Brazil suspended interest payments on $68bn (£48bn) of debt to banks.

Even though this second debt crisis has been received relatively calmly, everybody agrees that new approaches are needed, and that somehow, the haemorrhage of financial resources out of debtor-countries must be stopped.

However, institutions which could launch a new debt initiative do no seem about to do so. The Inter-American Development Bank (IADB), which meets in Miami today for its annual meeting, is caught up in internal dispute about lending policies. Its lending is actually falling at a time when organisations such as the ADB could be providing a lead. NO 16—8/8½

Suggested solutions from other sources range up—as they have since 1982—to grand plans for debt relief and write-offs which bankers and many politicians both within and outside the Reagan Administration find unworkable and unacceptably costly.

The "Menu" is the bankers third alternative. It offers an à la carte selection of financing mechanisms which could be tailored to meet the specific needs of each debtor country. It is designed to reduce the need for new lending, to channel funds more effectively within the debtor countries when once lent, and to provide new finance.

Example of the instruments are: conversion of debt into equity such as the $100m deal announced by American Express last week for hotel projects; "on-lending," or the transfer of a loan from one borrower to another, within the same country; and expanded trade finance and project lending.

The approach essentially maintains the underlying principle which has so far guided banks' handling of the debt crisis.

The theory is that bank rescheduling and loan packages supported by similar arrangements with Government creditors and economic progress in the debtor-countries will pave the way for debtors' eventual return to the capital markets. Brazil's rapid economic deterioration has set the theory back a long way.

Despite the commitment of banks at the heart of the crisis to the "menu" concept, the record shows that banks have moved painfully slowly to put together new packages, particularly those involving new loans.

Mexico's $7.7bn loan originally agreed last autumn, is still not complete, although signing has begun. Argentina has been locked for weeks in negotiations with leading creditor banks.

Moreover, despite their professed willingness to be innovative, banks have proved reluctant to set precedents, by considering borrowers' suggestions not only their own "menu."

Everybody agrees that new approaches are needed, and that somehow, the haemorrhage of financial resources out of debtor-countries must be stopped.

There are some valid reasons for the banks' tardiness. Since 1985, debtor countries' financing needs have been changed and made uncertain by fluctuating oil prices.

Once agreements are reached by the leading banks, packages must be marketed to smaller creditors who may have sold or swapped their exposure in the secondary market, and therefore see no obligation to participate.

Nevertheless, it is scarcely surprising that Latin American officials such as Mr Andre Lara Rezende, Director for Public Debt at Brazil's central bank, should express cynicism.

At a conference in Cambridge, Mass., last week, he remarked: "I have never believed that voluntary lending was just around the corner. Banks not only do not want to increase their exposure to less developed countries, they want to reduce it."

Mr Rimmer de Vries, Head of International Economics at Morgan Guarantee Trust, was asked at the same conference organised by the Massachusetts Institute of Technology, to put himself in the position of a debtor country.

He agreed that new lending had been inadequate. The time had come for a new initiative by all lending institutions, perhaps led by the World Bank. They should see what kind of "menu" they could provide. He termed the desired process "managed lending."

The US Administration has endorsed the menu approach. Mr David Mulford, Treasury Assistant Secretary for International Affairs, called on banks to speed its implementation.

Mr Mulford suggested that different regional groupings of banks could simultaneously follow separate approaches as allowed under their own regulatory system, provided the new cash they came up with, equalled the amount expected of them.

He acknowledged that it would be difficult to allocate new money commitments fairly among banks if they were providing it through different instruments. But he said a "case-by-case approach demands a willingness to develop and try new techniques."

Even if they do so, banks may still have to accept measures they have so far rejected. Small precedents are being set in agreement with Chile and probably with the Philippines, which could pave the way for capitalisation of interest. The transfer of resources out of debtor countries since 1983 has been mainly due to interest payments on debt.

These could be replaced by simply adding some or all of the interest onto the amount of principal, thereby delyanig payment, or paying interest in some other form as proposed in a small way by the Philippines.

Brazil's suspension of interest payments could create such a situation de facto. Negotiations on a Brazilian package have yet to begin, and they are likely to take many months to complete. Meanwhile, US banks have been counting up and disclosing the potential effect on their profits of a prolonged suspension. They may be preparing for a long seige.

Tutu to have official meeting with ANC

Y OUR JOHANNESBURG CORRESPONDENT

CHBISHOP Desmond Tutu, e of South Africa's most outoken anti-apartheid camgners, is to have his first cial meeting with leaders of African National Congress NC) guerrilla group in the mbian capital Lusaka today.

Archbishop Tutu's office in pe Town said he would hold ks with members of the ANC ing national executive comttee, but it gave no other dels.

Archbishop Tutu, a Nobel ace Prize laureate, is the est in a long line of pilgrims visit the ANC in exile. He lows in the steps of South rican businessmen and stunts, and black parents who ve successfully negotiated an d to most of the school boytts once popular with young dicals.

The Archbishop's talks with e ANC are taking place on a ubly emotive anniversary day. Sixty-nine anti-apartheid protesters were shot dead by police in Sharpeville south of Johannesburg on March 21 1960, and 20 funeral-goers were shot dead near Uitenhage in the eastern Cape on the same day in 1985.

The immediate purpose of his visit is not clear, but one of the most important subjects of discussion is certain to concern the use of violence to oppose the South Africa Government—violence advocated and practised by the ANC, but opposed by Archbishop Tutu, who says he supports the ANC's aims but not its methods.

Other topical issues include the sanctions campaign against South Africa, supported both by Archbishop Tutu and the ANC, and the stance to be taken towards the forthcoming whites-only general election in May.

S Africa blames US for Israeli sanctions decision

BY ANDREW WHITLEY IN JERUSALEM

HE South African Government s blamed US pressure for rael's decision to adopt nited sanctions against Preria. A protest note said the easures announced on Thursy were unjustified.

According to the state-run rael Radio, the note delivered sterday to Mr Shimon Peres, reign Minister, by the South rican charge d'affaires exessed fears that Israel's halt any new arms sales "would ly have a detrimental effect." South Africa did not see any ed for the Israeli sanctions, tails of which will be settled mid-May, the protest is rerted to have said.

In overcoming its deep reluctnce over sanctions, what pears to have primarily motited the Israeli Government e fears that the US Congress, ready disgruntled with Israel er "Irangate" and the Polrd spy affair, may impose a mbolic cut this year in its ge aid contribution to Israel.

The $3bn (£2.1bn) aid packe — $1.2bn in civilian balance payments support and $1.8bn in military grants — has just begun its lengthy annual passage through Congress.

Worries have surfaced in Jerusalem that the peeved legislature may decide that Israel, the largest recipient of US aid, should be taught a lesson.

A proposal to refinance the Israeli military debt interest bill to the US, which would produce annual savings of over $300m, has already been blocked for over a year since the arrest of Mr Jonathan Pollard, Israel's spy in the US naval intelligence.

One Western diplomat recently warned that further punitive financial steps were not out of the question.

In an effort to rebuild Israel's bridges to Congress, it was disclosed yesterday that a leading block Congressman, Mr Michael Leland, has been invited to Jerusalem for talks with government leaders.

Mr Leland, a Democratic Congressman from Texas, has advocated transferring some of the US assistance to Israel to black African states.

Peking, Lisbon continue discussions on Macao

BY ROBERT THOMSON IN PEKING

HINA and Portugal continued iscussions yesterday on the ate of Macao, though Portuuese officials suggest the counries have already decided that hina will resume control of he enclave in December 1999.

The two countries began their ourth round of negotiations in Peking on Wednesday, and it is nderstood that they have had rouble resolving the future f the Macanese, those of mixed Chinese and Portuguese race, mong the territory's populaion of 400,000.

Reports from Lisbon and Portuguese officials in Peking uggest that China will regain ontrol of Macao in December 999, just over 440 years after Portugal formally took charge f the enclave.

Officials of the two countries ad hinted that they would elease an agreement on Thursay, but problems have aparently arisen in discussions uring the past two days, and o official statement has been made by either side.

The agreement will embody he "one country, two systems" ormula agreed on by Britain nd China for the handover of Hong Kong in 1997.

Portugal had wanted a large ap between the Hong Kong and Macao handovers, but Chinese officials insisted that the date be before the end of the century.

It is understood that China has suggested that a formal accord be signed here in June. Chinese officials have been pushing for the resolution a draft agreement this week, so that it can be submitted to the National People's Congress, the Chinese parliament, which begins sitting next week.

The return to Lisbon of Macao's Governor, Mr Jaoquim Pinto Machado, for a meeting of the Portuguese State Council, has heightened speculation that a draft agreement is ready for consideration.

Portugal has not contested Chinese sovereignty over Macao, and at present recognises the enclave as a Chinese territory under Portuguese administration.

● China and Britain ended a round of talks on Hong Kong's future yesterday, after discussing a timetable for the withdrawal of British armed forces, Reuter reports.

A joint communique at the end of four days' talks said the two sides discussed defence issues and the maintenance of law and order after 1997, when the British colony reverts to Chinese rule.

UK NEWS

BBC shaken over choice for deputy director's post

BY CHRISTOPHER DUNKLEY

CONSTERNATION HAS been caused in the higher reaches of the BBC by the offer of the job of deputy director-general to Mr John Birt, director of programmes for London Weekend Television, who has spent his entire career in ITV.

The offer follows the appointment of Mr Michael Checkland to the post of director-general three weeks ago. The choice of Mr Checkland to replace Mr *Alasdair Milne was itself controversial*, since he is an accountant with no experience of programme-making, nor any journalistic background.

If Mr Birt agrees to take the job he will have leap-frogged his old boss, Mr Michael Grade.

Mr Grade is now director of programmes for BBC Television, but was director of programmes at LWT when Mr Birt was only head of current affairs. Inside the BBC yesterday there was speculation about Mr Grade's possible reaction if Mr Birt were promoted above him.

There was also much talk about the position of Mr Brian Wenham, recently appointed managing director of BBC Radio, who had long been tipped as a potential director-general and who was shortlisted for the job along with Mr Checkland.

Mr Wenham's claim to the deputy director-general's post was seen internally as being very strong, and if he feels he has been snubbed by the appointment of an outsider many of his colleagues believe he will apply for the post of chief executive at Channel 4, a job which will fall vacant in 1988 when Mr Jeremy Isaacs leaves to become director of the Royal Opera House.

Mr Birt, 42, joined Granada Television after leaving Oxford, became joint editor of World in Action, and then produced The Frost Programme before moving to LWT in 1971 to launch Weekend World. At that time he and Peter Jay, the first *anchorman of Weekend World*, published a famous series of articles identifying what they called a "bias against understanding" in television news and current affairs programmes.

As deputy director-general of the BBC, one of Mr Birt's chief tasks would be responsibility for all news and current affairs output, the area from which most of the corporation's recent troubles with the Government have stemmed.

A highly-placed BBC executive said yesterday one reason for choosing Mr Birt was that he would be seen as being "highly acceptable to Downing Street."

GRANADA and the Financial Times announced yesterday they plan to produce a business and industrial television news programme aimed at 14 European countries, writes Raymond Snoddy. They have already applied for the contract to produce a daily business news programme for Channel 4. The European business programme, which *might initially be weekly*, will go ahead whether or not the group is awarded the Channel 4 contract. One possibility is that the programme could

Newspapers may take to roads

BY RAYMOND SNODDY

NATIONAL newspaper publishers are considering following Mr Rupert Murdoch's News International by transferring newspaper distribution from rail to road.

Virtually every national newspaper, individually or in groups, has recently obtained detailed quotations on the cost of a road delivery system and found that savings of as much as £1m a year could be obtained.

Both TNT, the transport company which has been delivering The Times, Sunday Times, The Sun and News of the World since Mr Murdoch moved his titles to Wapping, east London, and National Freight could offer national road distribution systems.

W. H. Smith, the retail group, is also offering a "total news service" *which would pick up* newspapers at the printing houses, and using a mixture of road and rail, transport them to their destinations.

The competitive pressure on British Rail is increasing. The company is estimated to have been losing between £8m and *£9m a year on its newspaper* distrubtion service since News International moved to road transport.

A group of senior newspaper executives looking at the issue has asked BR if it can reduce its costs—something which would be difficult without significant restructuring.

One newspaper proprietor said: "Unless the railway do better, and I don't see how they can, clearly it's going to be all roads in future."

No final decisions have been made and rail distribution is still seen as having many advantages. One senior executive pointed out: "How else can you *get newspapers sorted while* travelling at 70 miles an hour?" However, the cost advantages of road are starting to look highly attractive.

To try to halt a mass exodus from rail, BR has offered to pick up newspapers from the printing houses and deliver *them to wholesalers. However*, the idea is not being received enthusiastically by publishers because it would lead to further redundancies.

Mr Robert Maxwell, publisher of Mirror Group Newspapers, holds the key to the outcome of the rail-road battle.

Unlike the other newspaper publishers, he does not have a long-term distribution contract with BR. It is believed that Mr Maxwell insisted on and obtained a six-month rolling contract.

The Daily Mirror publisher has also set up Newsflow, a joint venture company with National Freight, to distribute *the London Daily News by road*. Newsflow could clearly be extended to run a national newspaper distribution service.

GDP up 0.7% in final quarter

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

THE ECONOMY continued to *expand at a steady pace in the* final quarter of 1986 with the average measure of gross domestic product rising by 0.7 per cent compared with the previous three months of the year.

Provisional figures released by the Central Statistical Office suggest that for the year as a whole, output was about 2½ per cent higher than in 1985; adjusted for the impact of the *coal strike, however, the in*crease was closer to 2 per cent.

The statistics show that since the present Government first took office in 1979 the economy has expanded by an average 1.4 per cent a year, a performance in line with the experience of the previous seven *years. Since the trough of the* recession in 1981, the growth rate has been about 2¾ per cent.

Mr Nigel Lawson, the Chancellor, forecast in the Budget that the economy would expand *by 3 per cent in 1987 with* faster growth of 4 per cent in manufacturing output.

That view is broadly shared by independent economists, with some predicting a faster *acceleration in the pace of* growth to 3½ per cent.

Figures for last year show that the three measures of GDP—income, expenditure and output—all grew by about the *same amount compared with* 1985, although the profile of the three throughout the year *showed marked differences*.

Consumer spending, which has provided the main impetus to the current upturn, was 4½ per cent higher in volume terms during the fourth quarter of 1986 than in the same period a year earlier.

The CSO, however, revised downwards its previous projection of an increase of nearly 1 per cent between the third and fourth quarters, saying the trend now appeared to have been flat.

The income data shows a 10 per cent fall in company profits between 1985 and 1986, attributable to the decline in *North Sea oil prices and pro*fits.

Wimpy to open 20 restaurants in Bulgaria

By Lisa Wood

LENIN would turn in his grave if he could see what was going to adorn his square in Sofia, Bulgaria.

Wimpy International is to become the first British fast food company to open a restaurant in Eastern Europe in a deal with the Bulgarian Government.

A licensing agreement — the culmination of three years' negotiations between Wimpy and Bulgaria—was signed in London yesterday by Sir Hector Laing, chairman of United Biscuits, Wimpy's holding company, and Mr Mihail Mihalev, *deputy director -general of FTO* Technika, part of the Bulgarian Government.

The agreement provides for the establishment of up to 20 Wimpy restaurants in Bulgaria over 10 years. The first, in Lenin Square, Sofia, will open towards the end of this year.

The Bulgarian Government will operate the outlets with Wimpy providing the technical expertise, design and equipment.

The menu will mostly be the same, with modifications. Apple juice will be sold instead of orange juice and a Bulgarian national favourite, a yoghurt-based drink flavoured with salt, will be on the dessert menu.

Not just Bulgarians are identified as potential customers. Sir Hector Laing said: "We believe that Eastern Europe offers an important opportunity for expansion and we are particu*larly delighted to establish* Wimpy in Bulgaria, which is such a popular holiday destination for British tourists."

Lord Lucas, Under-secretary for Trade and Industry, said the development was very important in terms of trading relationships and opened up new opportunites.

Wimpy International has 400 outlets in the UK and more than 500 in other countries such as Spain and Japan.

SIB's policy chief to leave post in July

By Nick Bunker

MS KATE MORTIMER is to *leave* her post as policy director at the Securities and Investments Board at the end of July to return to N. M. Rothschild, the merchant bank.

Ms Mortimer is widely credited with having been the chief architect of the detailed regulations for the securities industry contained in the SIB's 430-page rule book.

She said last night she was not resigning but finishing a *two-year secondment that began* in June 1985. Ms Mortimer had then just been promoted to the main board of Rothschild, which she joined in 1978.

At Rothschild, she headed the fixed interest and currencies group and was then a director in the corporate finance division. She said last night that her future role at Rothschild had not yet been decided.

Ms Mortimer's departure *from the SIB is being timed to* fit in with the expected schedule for implementing the UK's new system for investor protection.

Property groups in homes link

By Hugo Dixon

HERON CORPORATION, the property to garages group, and Shield Group, the property developer, have agreed in principle to co-operate on residential developments in north-west London.

The National Insurance & Guarantee Corporation, Heron's wholly-owned subsidiary, will lend Shield up to £10m for jointly-approved projects. They will each get half of any profits on these deals.

Heron is also buying £1m of Shield preference shares, with an option to convert to ordinary shares at 160p each. Shield floated 15 per cent of its stock on the Unlisted Securities *Market last year.*

Guinness wins order against Ward

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

GUINNESS HAS obtained a High Court injunction against Mr Thomas Ward, the US lawyer and Guinness director, following the issue of Wednesday, of the company's writ claiming £5.2m from Mr Ward and from Mr Ernest Saunders, Guinness's former chief executive.

Mr Ward's London lawyers went to court yesterday. At a private hearing before Mr Justice Warner they obtained an extension until April 1 of the time Mr Ward had been given to comply with the injunction, which had been granted to Guinness ex parte on Wednesday, the day the writ was issued.

Neither Mr Ward's nor Guinness's lawyers would disclose the injunction's terms. They said the time extension had been granted for the convenience of counsel.

Guinness, given the nature of the case, might be expected to have taken one or more of several legal steps to safeguard its position pending trial, including seeking an order to:

- Freeze Mr Ward's assets in the UK, enabling the company to obtain there at least part of any money awarded to it in the action without needing to pursue Mr Ward in US courts.
- Require him to disclose details of his UK assets.
- Require him to give details of his dealings in the £5.2m and the present whereabouts of the money.

The writ claims:

An account of the £5.2m or any part of it or any property acquired with or derived from it, received by Mr Saunders and Mr Ward or anyone on their behalf, and of any dealings with it by Mr Saunders and Mr Ward.

An inquiry into whether the payment of the money and any dealings in it were authorised by or for Mr Saunders and Mr Ward: to whom, when, where and in what circumstances any of the money or property derived from it were transferred; details of any changes of investment of the money; and what has become of it or of any property derived from it.

A declaration that Mr Saunders and Mr Ward are jointly and severally liable to replace the £5.2m or such part as was paid out in breach of their fiduciary duty as Guinness directors.

A declaration that Mr Saunders and Mr Ward held or hold the money or any property derived from it as constructive trustees for Guinness.

An order that Mr Saunders and Mr Ward transfer to Guinness the money or property and any profit made on it.

A declaration that Guinness has an equitable charge over any bank balances or property whether in the names of Mr Saunders, Mr Ward, their nominees or anyone else on their behalf, derived from the £5.2m.

Guinness refused to comment yesterday on Mr Ward's statement on Thursday that the £5.2m, less deductions to pay US federal and state taxes, was in his possession on deposit in the US.

Nor would Guinness comment on Mr Ward's statement that more than a week ago he had contacted Guinness executives and offered to put the money into an escrow account until the dispute over his entitlement to it had been resolved.

Channel Tunnel shuttle trains unveiled

EUROTUNNEL, the Channel Tunnel consortium, yesterday revealed for the first time what the shuttle trains it proposes to operate might look like, writes Kevin Brown, Transport Correspondent.

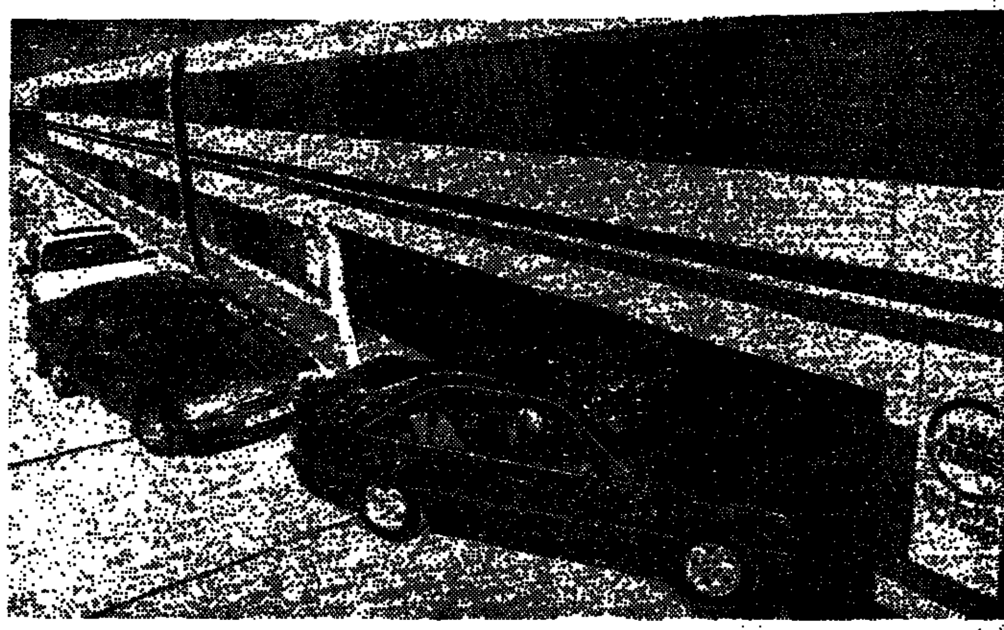
The consortium put three life-size models on show at a test site in Ashford, Kent, where they were inspected by Mr John Moore, Transport Secretary.

The models are being used to test loading techniques for a variety of vehicles and to enable Eurotunnel to make *preliminary assessments of* size and appearance.

Mr Moore said the tunnel project was a great opportunity for British industry and would create 15,000 jobs in Britain.

He challenged opponents of the project to "come clean" on whether they opposed the creation of these jobs, the proposed £390m investment by British Rail and the opportunities for growth which would be created in Scotland, Wales and the English regions.

Mr Moore also said the Government was "extremely concerned" to minimise the *effect of the tunnel and its* associate infrastructure on the Kent countryside.



The Government would provide sufficient resources for road improvements to cope with additional traffic generated by the tunnel, he said.

Meanwhile, Flexilink, an anti-tunnel campaign run by the port and ferry operators, made a fresh attack on the safety of the proposed shuttle trains.

It published photographic and video evidence which it claimed showed there were fundamental differences between the proposed Channel shuttles and similar services operated in Switzerland.

Eurotunnel has cited the Loetschberg and Furker tunnels in Switzerland, which both have excellent safety records, as precedents for the Channel Tunnel service.

Flexilink *said the main difference* between the Swiss tunnels were that cars on the Swiss trains travelled in open wagons rather than enclosed compartments and that the steel superstructure of the Swiss rolling stock was less susceptible to fire.

Extra research cash ruled out

BY DAVID FISHLOCK, SCIENCE EDITOR

THE SHORTFALL in science research funds which will *freeze new grants this summer* will not be made good by the Government, Professor William Mitchell, chairman of the Science and Engineering Research Council, was told yesterday.

Prof Mitchell, who met Mr Kenneth Baker, Education Secretary, and Mr George Walden, Science Minister, said his council was obliged to suspend new research grants for *five months in order to find the* extra cash needed to meet a government-approved salary increase for unversity staff.

His council, which spans physical and biological science as well as engineering, has a budget of about £350m next year. It accounts for more than half the "science budget" voted by Parliament for academic research by five research councils.

But the Government pointed out that the salary increase would account for only £8m of Prof Mitchell's budget, and for £15m of the total science budget of £660m. The total budget is *up from £615m this year.*

The Medical Research Council, which has a budget of £133m, has received a lift this month with the Government allocating an extra £14.5m over *the first three years of an AIDS* research programme.

The programme is expected to continue for at least a decade and will attract a wide range of medical research skills.

The Government has been stressing privately its growing belief in the efficacy of directed research programme of this type which, in the past, have been alien to UK academic research attitudes. It is expected *to give sympathetic attention to* plans for directed research in areas which underpin its economic strategy

British Gas in R and D centre move

By Lucy Kellaway

BRITISH GAS plans to spend more than £30m on a research and development centre to replace establishments at Fulham, London, and Solihull, near Birmingham.

The company said yesterday that it was looking for a site between London and Birmingham on which to build a research station, which it *expects to be ready by 199*.

As a result of the scheme about up to 300 of the 800 research and development jobs would probably be lost. Most cuts would be among support staff and the company said it hoped the cuts could be made without compulsory redundancies.

The two research stations were a hangover from the time when each performed different *functions*, whereas there was now some overlap with similar tasks carried out at each.

The total research and development budget at British Gas is about £70m a year.

The main tasks for the new station would be to come up with improvements to the design and efficiency of gas-fired equipment used by domestic, commercial and industrial customers, and to find further ways *of reducing gas supply costs.*

Holiday airline starts flights in April

BY LYNTON McLAIN

AIR 2000, Britain's newest airline, starts service on April 11 from its base at *Manchester* International Airport. The airline is a subsidiary of Owners Abroad, the UK's third-largest aircraft-seat contractor and sixth-largest UK tour operator.

The airline will start with two new 228-seat Boeing 757-200 aircraft, powered by Rolls-*Royce engines, to fly to 12 of* the most popular Mediterranean destinations.

It is to operate 35 flights a week, amounting to 1,000 flights in spring and summer, for many European tour operators. Mr Errol Cossey, Air 2000's chief executive and former managing director of Air Europe, said yesterday that all the seats on all the flights had been sold for spring and summer.

The airline intends to create a fleet of about 10 aircraft. Its first Boeing 757 is to be delivered on April 3.

Glasgow legal offices will cost £5m

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

GLASGOW is to have Britain's first legal services centre to cater for public prosecutors and private solicitors in one building. The centre is to be housed in a £5m project conceived by the Scottish Development Agency and built by Credential Holdings.

The centre will be built opposite the city's Sheriff's Court—said to be the busiest court in Europe—which was recently relocated in the rejuvenated Gorbals district south of the River Clyde.

The 80,000 square feet building will house the Procurator Fiscal's department, the Scottish investigation and prosecution service, and small-to medium-sized firms of solicitors dealing mainly with criminals. It will provide centralised office support services, a library and a conference room.

Work on the development will begin in summer and is expected to be finished in 1989. It will help improve the area around the Glasgow Citizens Theatre, which is expected to be upgraded by 1990 when Glasgow becomes the European "city of culture."

Civic leaders to oppose R-R sell-off

FOURTEEN lord mayors, provosts, mayors *and* council leaders representing cities and towns with Rolls-Royce factories are going to Parliament on one day to lobby ministers, MPs and peers about the privatisation of the company which they *oppose.*

Council rule change sparks rebellion in Tory ranks

BY PETER RIDDELL, POLITICAL EDITOR

THE Conservative Party leadership yesterday faced the unusual experience of a rank-and-file rebellion over proposed rule changes.

Att he annual meeting of the Conservative Central Council, held in Torquay and attended by about 400 officers of constituency parties, an hour was spent on constitutional discussions and votes. At issue was what critics from the Charter Movement, a small internal ginger group, alleged was an attempt to weaken the rights of ordinary party members and to undermine party democracy.

The critics protested at a proposed change in the rules for calling a special meeting of the central council—which, although threatened, has never happened—to make such a procedure more difficult. The leadership won a ballot by 177 votes to 152.

After two other minor amendments, and a concession by the leadership on the timing of the rule changes to allow further discussion, the proposals were overwhelmingly approved.

One supporter of the Charter Movement, who was prevented by the chairman from speaking, later said the organisation was *considering* whether to seek a judicial review of the decision.

Later, Mr George Younger, the Defence Secretary, was elected unopposed to the largely honorary post of president of the National Union of Conservative and Union Associations, the voluntary side of the party.

This reflects Mr Younger's growing role as government elder statesman, a position long held by his close friend and mentor Lord Whitelaw, the leader of the Lords.

The afternoon's debates in the cold indoor tennis courts of the Palace Hotel were watched by the Tories' latest recruit, Mr John Horam, the former Labour Transport Minister and founder member of the SDP.

He reported his "interest" in the proceedings which, he said, were more "deferential" than either his previous two parties.

Mr Horam, who was warmly *welcomed* by senior Tories, narrowly failed to be selected as a Conservative candidate.

The council was addressed by Mr Carl Bildt, leader of the Moderate Party of Sweden. During a more *philosophical* speech than is usually heard at such conferences he expressed concern about acid rain

- A firm commitment to introduce a new system of local government finance in England and Wales in 1990 was made by Mr Nicholas Ridley, Environment Secretary.

Addressing the meeting of the Conservative Central Council, Mr Ridley said there would be legislation in the next parliamentary session. Government was considering how to reduce the transitional period until the new system of community charges took over from the rates system.

Mr Ridley said that once the new system was in place the Government would be able to relax controls from the centre.

The present rate support grant system would be abolished and would be replaced with the national non-domestic rate; a standard grant from the Exchequer paid on a per capita basis and a "needs" grant based on a simple formula.

Mr Ridley said the theme of the Government's next term would be to widen choice in areas where it was still absent, such as housing and the provision of local services.

George Younger: growing role as elder statesman.

Trading to begin in single ownership property units

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

DING of units in single perty ownership trusts will t next year. They will be third element in a new perty investment market h will conduct its dealings r the Stock Exchange's s.

e movement to bring single perty ownership trusts to marketplace gathered pace n it was disclosed yesterday a new company had been rporated to develop the ument.

e company is called Barkse Committee, named after hairman, Mr John Barkshire ercantile House, who was onsible for starting the don International Financial res Exchange.

rkshire Committee is negong with the regulatory orities to establish the framework in which the s, given the acronym Spot, be offered to the investing ic.

Spot is a trust which owns ngle building. The Spot d be broken down into s. Holders of the units d have a direct interest the building and would ve rental income and any its from the building in portion to the number of s held.

N16—8/8½

e planned introduction of S to the market is part of a r scheme to open a new perty investment market in h holdings could be small to increase the property stry's liquidity. Financing property ventures has me more and more narry based as costs have eased and is effectively to only big financial tutions.

ot will be the third new perty investment vehicle in market, following single property companies, d Sapco, and property me certificates, called s.

r Barkshire said the Stock hange is formalising its procres to cope with a new ket and that listing regulas should be approved in t a month's time.

his will give rise to the ibility of trading in Sapcos and Pincs. The first offering is likely to be preferred shares in Billingsgate City Securities, a Sapco which owns a City of London office block. These shares are quoted in Luxembourg. The PINCs Association, which is shepherding property income certificates to market in the same way as Barkshire Committee is tending Spots, hopes to have its first buildings quoted on the Stock Exchange before the summer.

Spots are lagging behind because the law, as opposed to Stock Exchange regulations, had to be changed before they could be traded. The changes were made in the Financial Services Act but the detailed regulations supporting the act are still being worked out. Mr Barkshire said: "They should be in place by the end of this year."

This will enable Barkshire Committee to start the search for buildings which can be put on the market. The company thinks that office blocks and shopping centres with several tenants will attract investors, as they provide a greater chance of growing rental income than properties with a single tenant and a rent review every five years.

Mr Barkshire said that the incorporation of Barkshire Committee signals that after two years of discussion "we are sufficiently satisfied we can launch this vehicle. We can say it is going to happen and we now need to be spending money."

Barkshire Committee is seeking at least £500,000 in subscriptions of £10,000 each from new members to finance the market's establishment. It already has 17 members from financial institutions, property companies, securities dealers and chartered surveyors.

Mr Barkshire warned that the new property investment market would be slow to develop.

Barkshire Committee members include the founders: Jones Lang Wootton; Mercantile House; New England Properties; Phillips and Drew; Prudential Portfolio Managers; Savills and S. G. Warburg, Akroyd, Rowe and Pitman, Mullens Securities.

Those who subsequently joined: Baring Brothers, Debenham Tewson and Chinnocks, Drivers Jones, Edward Erdman, Goldman Sachs International, Hill Samuel Investment Management, MEPC, Morgan Grenfell Laurie, National Mutual Life Association of Australia and Salomon Brothers International.

John Barkshire

NEW PROPERTY MARKET SHORTHAND

● Spot: a trust which owns a single building. Holders of units in the trust have the chance of a share in the rental income and the profits growth.

● Sapco: a company which owns a single building. Not basically different in form from an ordinary property company except that its assets are narrower. Can have shares and debt securities.

● Pinc: an entitlement to a share in the rental income from a single property, plus a share in the management company running the property. Does not involve direct ownership of the property. Can be geared.

Counterfeiting law scrutinised

TOM LYNCH

E GOVERNMENT is investigng possible weaknesses in law against industrial terfeiting, Mr Douglas g, junior Home Office ister, told the Commons erday.

uring a debate on law and r, he said counterfeiting a form of fraud which imd a "real burden" on legite industry. Mr Hogg said Geoffrey Pattie, Information nology Minister, was consng interested parties to tify gaps in legislation and ld approach the inquiry with y considerable sympathy."

r Ian Mills, Tory MP for iden, said a major loophole the law had been exposed 1984, when those involved ounterfeiting £5m-worth of nel perfume got off scotn on appeal to the House of Lords.

He said: "The UK has always had domestic manufacturers of counterfeits. Now, it is increasing because the penalties are not sufficient to prevent it." He added that the average fine in recent years had been £203.

The debate was overshadowed by Thursday's conviction of three men for the murder of PC Keith Blakelock during the October 1985 riots in Tottenham, north London.

Mr Mills, who initiated the debate, made it clear he was not criticising the decision of the judge who granted bail to one of the murderers who had been charged with an earlier murder—for which he was later convicted—before the riots.

However, he and other Conservatives urged a "fundamental review" of the 1976 Bail Act to make the courts "more responsive" to police requests to remand accused persons in custody.

Mr Mark Carlisle, Tory MP for Warrington South, a former Home Office minister, said it was "totally counterproductive" to put all the blame on judges in individual cases. He did not refer directly to the Blakelock case.

Mr Hogg rebuffed Labour attacks on the Government's law-and-order record in the face of the recent figures showing a 7 per cent rise in crime in the past year. He said the clear-up rate in many cases could be better were it not for provisions to safeguard civil liberties, such as the right to have a solicitor brought in and restrictions on the period of detention for questioning.

Hertz buys 200 British Nissan cars

By Kenneth Gooding, Motor Industry Correspondent

RTZ UK, the car rental anisation, has taken delivery 200 British-built Nissan cbird cars — the largest le order for Nissan vehicles r placed in Britain.

he deal, said to be worth 5m, is to be fulfilled by the Cook Group. Based in South kshire, the group claims to the biggest Nissan dealer in one with nine retail outlets Yorkshire and the north lands.

Hertz is the first big rental pany in the UK to include sans in its fleet. The cars a mixture of four and fiver 1.6 litre LX Bluebirds, embled at Washington, Tyne Wear.

Bids deadline extended for Fulham football club

BY PHILIP COGGAN

MR DAVID BULSTRODE, chairman of Marler Estates, a property company, yesterday gave Fulham football club five days breathing space in the battle to save the west London side from closure.

Three consortia hope to buy the club and its players from Marler, which wants to develop the club's Craven Cottage ground for luxury flats. The property company must sell the club by the end of the season, since it will then take formal control of Queen's Park Rangers, also in west London. Football League rules state no-one can be involved in the management of more than one club.

Marler has asked the groups to show willingness to proceed with negotiations and evidence of financial backing by yesterday. But Mr Bulstrode has written to each group extending the deadline to Wednesday.

If the grouphs fail to meet the deadline, Marler will tell Fulham players and officials that the club will close by mid-May.

Mr Jimmy Hill, an ex-Fulham player and TV commentator, is attempting to put together a group involving the local council, former players and supporters, but the identities of the other two consortia have been kept secret.

The council has said it will oppose any planning application which involves the demolition of Fulham's ground, but Marler is believed to be ready to allow the club to continue to play at Craven Cottage for a limited period in return for eventual permission to develop the site.

ECONOMIC DIARY

DAY: Mrs Margaret Thatcher me Minister, speaks at the nservative Central Council nual conference in Torquay.

NDAY: EEC Transport uncil meets in Brussels (until rch 24). Cyclical indicators the UK economy (Febru). Manufacturers' and distriors' stocks (fourth quarternsed). CBI monthly trends quiry (March). Mrs Thatcher ets French and German ders in Paris and Bonn in vance of visit to Moscow on turday. TUC Finance and neral Purposes Committee ets. UN conference on clear energy in Geneva. Mr orge Younger, Defence Secrey, begins visit to Thailand. nservative Party conference at Smith Square, London. London launch of Alliance local government campaign.

TUESDAY: EEC Research Council meets in Brussels. Guinness shareholders association meets. King Fahd of Saudi Arabia starts state visit to Britain. Association of District Councils issue housing report.

WEDNESDAY: EEC Economic and Social Committee in plenary session in Brussels. EEC conference "The cultural heritage" in Florence (until March 28). New construction orders (January). TUC General Council meeting. King Fahd meets Mrs Thatcher. Chinese People's Congress opens annual session in Peking.

THURSDAY: Personal income expenditure and saving (fourth quarter). Industrial and commercial companies (fourth quarter). Energy trends (January). New vehicle registrations (February). Balance of payments current account and overseas trade figures (February). Mr Neil Kinnock, Labour Party leader, starts visit to Washington (until March 28). Scottish Liberals annual conference at St Andrews, Scotland (until March 28).

FRIDAY: Finished steel consumption and stock changes (fourth quarter-final). Engineering indices of production (January) and of sales and orders (December). Sir Geoffrey Howe, Foreign Secretary, visits Berne, where he will see Chinese Foreign Minister about Hong Kong.

Cohse to comply with Trade Union Act

By Our Labour Correspondent

THE health workers' union Cohse, formerly staunchly opposed to complying with the Trade Union Act 1984, has given notice of its intention to drop its stand.

The union has told the Certification Officer, the government official responsible for overseeing union affairs, that its national executive committee has approved rule changes to be considered by annual conference this summer.

This has emerged in the officer's ruling against Cohse after a complaint that its executive committee elections in January were conducted in breach of the act.

The officer, Mr Matthew Wake, ruled that the elections were against the law. However, he said the union has already begun preparations to re-run them straight after the June conference.

Cohse has stuck rigidly to its system of branch block-voting in executive elections in defiance of the act's stipulation that such contests should be decided by secret individual ballot.

The complaint against the union related to elections for eight seats—about one-third of the executive—for the north of England and Northern Ireland. Mr Wake said Cohse readily acknowledged its failure to comply with the act, but added its executive had approved rule changes in February.

The union said yesterday it had not yet decided whether to re-run executive elections held in 1986, which were also contrary to the act but about which no complaint had been made.

Code urged on merger job losses

By Jimmy Burns, Labour Staff

THE EEC should introduce a code to protect workers threatened by job losses as a result of international asset-stripping by European companies and US and Japanese multinationals operating in Europe, Mr Ron Todd, chairman of the TUC International Committee, said yesterday.

Mr Todd told a meeting on industrial policy organised by the European Trade Union Conference that EEC directives on asset-stripping had "no real relevance" in the face of the spate of mergers and takeovers in Britain.

These, he claimed, had been fuelled by the availability of financial capital and the weakness of industrial investment.

He said: "There is no industrial logic to them; no economies of scale or strengthening of the potential for efficiency and collaboration."

The ETUC also heard Mr Neil Kinnock, the Labour Party leader, who urged European countries to pursue a policy of "co-ordinated expansion."

Mr Kinnock warned that unless there was a radical change in industrial policy in Europe, delegates' futures as trade unionists would be threatened.

Mr Kinnock said: "Unless there is such a change, a meeting of the ETUC in a few years' time will not be attended by people involved in industrial relations but by archaeologists."

As expected, the two-day ETUC meeting produced no detailed resolutions. Delegates, however, were broadly in agreement on the need for a "European dimension" to industrial policy in the face of competition from Japan and the US.

Artificial limb workers signal peace to BTR

By Our Labour Staff

DISMISSED WORKERS at J. E. Hanger, the artificial-limb maker, have signalled readiness to end a six-month dispute if the company revives a peace offer based on an agreed restructuring of its Roehampton plant in south London.

The union disputes committee, representing members of Tass and FTAT, the crafts union, has written to Sir Owen Green, chairman of BTR which owns J. E. Hanger. The committee wrote: "It is in everyone's interest to resolve this dispute before further untold damage is done to the patients and limb industry."

BTR has not yet responded. However, yesterday J. E. Hanger's management said it had recruited at its other plants and had maintained a high level of service to patients. Its statement coincided with a demonstration by more than 100 Hanger workers outside BTR's London headquarters.

The dispute began last September when the company dismissed 300 after alleging they had broken contracts. The workers had walked out after refusing to do overtime.

College lecturers face 10% pay offer

BY DAVID BRINDLE, LABOUR CORRESPONDENT

COLLEGE and polytechnic lecturers will next week be offered an average pay rise of almost 10 per cent, under a deal designed to make further education more flexible to industry's training needs.

The deal, proposed by the local authority employers, would also provide for a shift of emphasis from purely-academic subjects to those considered to have more practical relevance

The outline of the deal—excluding its pay aspects—was presented yesterday to leaders of Nafhe, the college lecturers' union. This followed resumption of negotiations after breakdown last October and after commencement of disruptive sanctions in January.

A big factor in the resumption of talks was the prospect of large pay settlements for school teachers and university lecturers, leaving the 180,000 college and polytechnic lecturers as the poor relations.

However, the employers made it clear yesterday they were not optimistic about the Government giving extra cash for a deal as it had done for the teachers and university dons. The employers said it seemed unlikely there would be extra cash.

This inevitably means that the pay offer to be tabled next Friday—expected to add between 9 per cent and 10 per cent to the salaries bill—will be heavily phased to keep its 1987-88 cost within local authorities' budgets.

The employers said that further education must adapt to suit industry's demands. They fear a growing trend of companies running their own off-the-job training courses more effectively and more cheaply than colleges.

The most contentious proposal tabled by the employers is for a specified maximum teaching limit of 22 hours a week, rising to 26 hours for not more than 10 consecutive weeks to enable colleges to cope with rising demand for short, intensive training courses.

When this proposal was first put last autumn, negotiations collapsed. Natfhe maintained the limit could create up to 9m extra teaching hours a year, rendering surplus some 11,500 lecturers' jobs — a calculation described by the employers as preposterous.

Mr Neil Fletcher, the employers' leader, said yesterday he was confident there would not be another collapse because the proposal was being discussed as a package, along with pay.

The employers are insisting on greater flexibility to appoint staff at any point on the appropriate salary scale. They also want a complete review of the course-grading system that underpins the staff grade structure — a system described as cumbersome and based on an outdated academic hierarchy.

The negotiations are, however, taking place against a background of reports that the Government plans to take polytechnics and 57 colleges out of local authority control.

MEMBERS of the Institution of Professional Civil Servants, the 89,000-strong union which has reached a provisional long-term pay agreement with the Treasury, are in line for an initial index-linked rise of 3.9 per cent.

The April 1 rise, set by February's Retail Prices Index published yesterday, compares with an offer to other civil servants the Treasury says is worth 4.6 per cent. However, most IPCS members would receive further increases from September 1 under the radical salary re-structuring that is part of the provisional agreement.

The IPCS is due to take a final decision on the agreement at a conference on April 8

● Council employers hope for agreement on a seven-month pay deal which would add about 5.5 per cent to the basic wage rates of 64,700 building and civil engineering workers.

The relatively short-term deal has been proposed because the workers, who settle from February 1, want to get out of the "front line" of the negotiating round.

The offer, said by the employers to add only 4 per cent to the total pay bill, would not apply to bonus rates but would add £6 to the craftsman's weekly rate of £109.02, £6.40 to the £116.93 of a plumber and £5.15 to the £93.86 of a labourer.

Pregnant woman 'not unfairly dismissed'

BY CHARLES LEADBEATER, LABOUR STAFF

TRADE UNION campaigns to promote equal rights at work suffered a serious setback yesterday when the Court of Appeal ruled that a woman selected for redundancy because she was pregnant had not been unfairly dismissed.

Three judges dismissed an appeal by Ms Maria Brown, a former youth training scheme supervisor with Stockton-on-Tees Council, Cleveland, which made her redundant four months after she became pregnant.

Ms Brown was the only unsuccessful applicant among four women YTS supervisors who appliied for three posts after the council's scheme had been modified in March 1985.

The court accepted the council's argument that the main reason for Ms Brown's dismissal was the need to make one worker redundant.

The judges said the council was allowed to use her pregnancy as a reason to select her for redundancy.

Mrs Vera Baird, counsel for Ms Brown, said the judges' ruling would give employers carte blanche to discriminate against pregnant women when redundancies were being sought.

Mr Ian McLaughlin, a northern region official of Nupe, the public sector union which backed Ms Brown's claim, said the ruling would have serious implications for all women employees.

He said: "This could not have happened to a man in a redundancy situation. Her dismissal was discrimination against women and against pregnant women in particular."

Giving Court of Appeal guidance on the application of section 60 of the Employment Protection (Consolidation) Act 1978, Lord Justice May said the section protected women against being dismissed because they were pregnant only if an employer was not seeking redundancies.

Lord Justice Nouse said it had not been suggested that Ms Brown would have been dismissed had there been four posts available. He said the main reason for her dismissal was the need for a redundancy. Her pregnancy was only a secondary factor.

Ms Brown claimed she had been discriminated against because her pregnancy had been a big factor in the interviewing panel's decision not to select her for a post.

Her one-year contract, which was about to expire when she was dismissed, entitled her to maternity leave.

The judges refused an application to appeal to the House of Lords. But Ms Brown's counsel said she would apply directly to the Law Lords for leave to appeal.

The judgment followed an Employment Appeal Tribunal decision in favour of her employers which overturned an Industrial Tribunal ruling that her dismissal was unfair.

Industrial relations drive planned at Hitachi plant

BY OUR LABOUR STAFF

HITACHI, one of the first companies to sign a "strike-free" agreement with a union, plans to improve industrial relations at its South Wales television and video recorder factory after minor disputes earlier this year threatened to provoke a serious clash between workers and management.

The company plans to introduce team talks for all its 850 workers from the end of this month. Production will halt for half an hour a week to allow the more than 100 teams to draw up plans to meet budget targets, improve quality, and innovate production processes.

While many companies have encouraged greater employee involvement in recent years, few have gone as far as Hitachi.

Hitachi and the EETPU, the electricians' union, have also agreed to complement this radical departure by introducing a formal "old-fashioned" grievance procedure to handle minor complaints.

This follows a series of minor incidents late last year and earlier this year, which were left unresolved until shop stewards presented them as a package to senior managers.

The union members of the consultative "company member board" resigned and asked the union to withdraw from the agreement.

However, the company and the union said yesterday that all the issues — which included disputes over the hanging of Christmas decorations, the dismissal of a pregnant casual employee and the provision of warm winter clothing — had been resolved in February.

It is understood that workers at the plant were worried that, in the absence of a formal, written grievance procedure, they would be victimised for pursuing complaints.

Mr Wyn Bevan, the local EETPU full-time official, said that while the company admitted the original complaints procedures were not effective, many of the grievances were groundless.

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It's stopped raining

THERE HAS always been an interesting question about Noah's Flood: at what stage did the people realise not only that it had been raining for rather a long time, but that it was going to rain for 40 days and 40 nights and engulf them all?

A similar question might be asked about Britain today: when did people notice that the rain, if it has not stopped, has at least eased and is giving way to sunny intervals? The country has been used to bad weather for so long that it almost gives the impression of enjoying it, and enjoying complaining about it. Now that the forecasts have changed, there is a tendency to disbelieve them.

Yet changed they certainly have. There are still pockets of depression, to be sure, some of them rather large. The number out of work remains far too high, especially among the long-term unemployed. There are areas which have suffered from the decline of the old industries and have not yet found a replacement. The relative neglect of education will take a long time to remedy. Nevertheless, the country has reached the stage where it is possible to identify the outstanding problems and seek to tackle them. The overall outlook is no longer one of total gloom.

Practically every economic indicator is beginning to point in the right direction. Take unemployment first, where the February figures showed a seasonally adjusted drop of 44,000. It is not dramatic—there are still over 3m people registered as out of work. Yet it is the continuation of a trend that has been going on since the middle of last year. British politics today would be quite different if instead of a gradual fall in the unemployed in the last six months or so, there had been a continuing rise. A corner may have been turned.

After the meeting of the Group of Six finance ministers in Paris last month, the foreign exchange markets seem to have calmed down. No one can say with certainty that such a state of affairs will continue, but the pound for once looks reasonably safe and indeed has been more subject to upwards pressure than downwards. Interest rates came down half a point each side of this week's Budget. Some of the building societies responded yesterday by reducing their mortgage rates.

The latest figures for the retail price index show inflation at an unchanged annual rate of 3.9 per cent — still high by the standards of some of Britain's competitors, notably West Germany, but low by the standards to which the country had become accustomed. The cut in mortgage rates should prevent more than a marginal rise in the next few months. After that Mr Lawson, Chancellor of the Exchequer, is again predicting a downward turn. The Treasury record of forecasting here has been good. A lowering of the level of pay settlements as employers and unions adjust to the new climate of growth without excessive inflation could help further.

There has also been a significant change in industrial relations and in the performance of those industries which still remain in state hands. The days when multinationals hesitated about investing in Britain because of its record of industrial disputes seem to have gone. On this front the country is now no more troublesome than France, Italy or even West Germany. Equally receding are the calls from the state industries to be baled out. The steel industry is competitive, coal is recovering from its darg age and even the British car industry is looking healthier.

Quarrel over

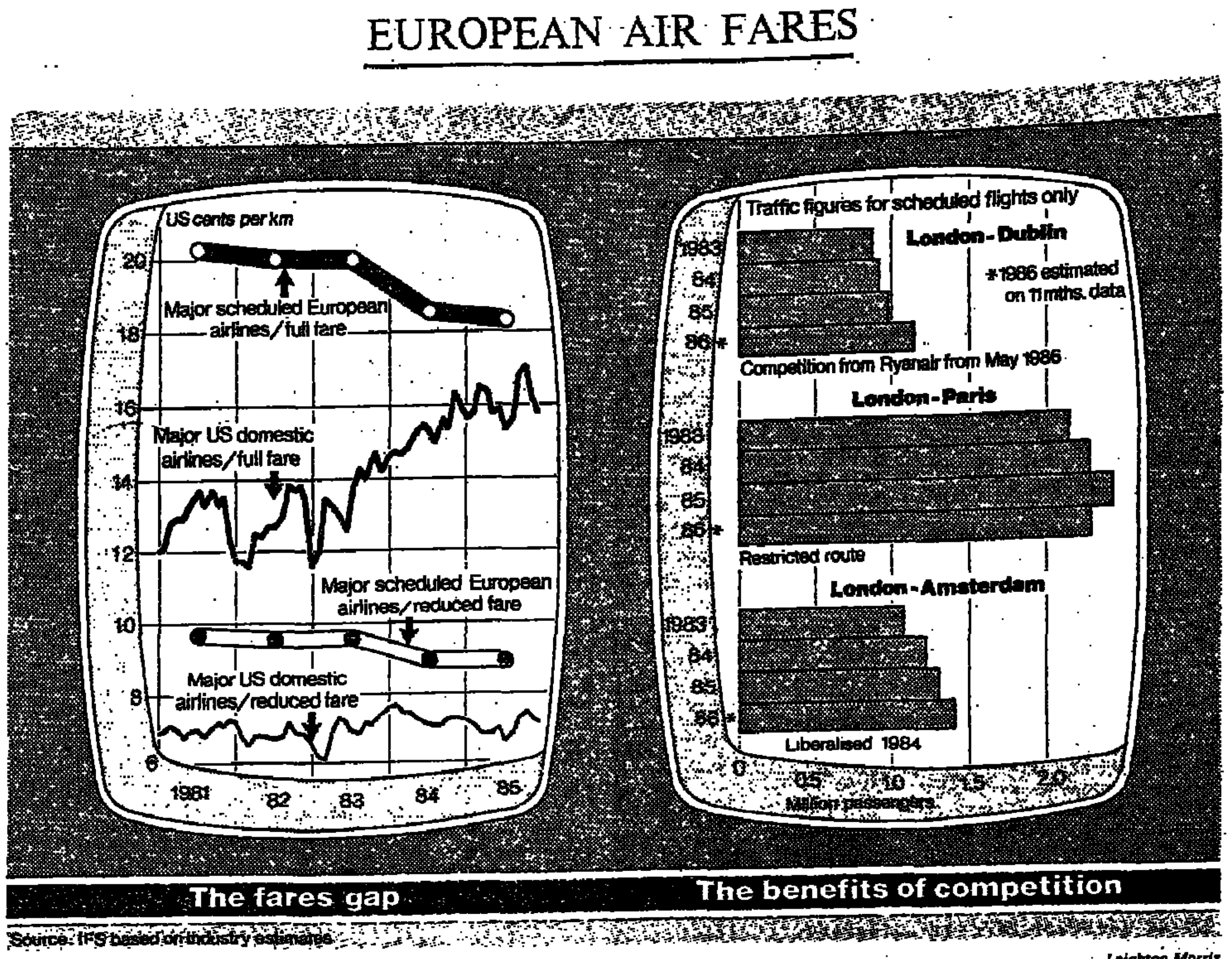
Not least, the Government was self-confident enough earlier this month to give the go-ahead to a new nuclear power station and hint that there would be more to come. The protest was almost inaudible. None of that is the sign of a country still on the retreat.

Externally, Britain is at peace. The long quarrel about the terms of membership of the European Community is over. Only adherence to the exchange rate mechanism of the European Monetary System is lacking. Yet if the economy continues to develop as well as it is at present, even that cannot be far away.

In the more traditional area of foreign policy, when Mrs Thatcher goes to Moscow at the end of this month she will have some claim to be speaking for Europe, while remaining close to the US. All the signs are that that is how she will be received by Mr Gorbachev. That is not chauvinism on Britain's part: it is an adjustment to living in a community, and being accepted by it.

The missing factor is perhaps the wider realisation at home that all this has happened. Defensiveness, even defeatism, have been around for so long that the new grounds for self-confidence have yet to be appreciated throughout the country and throughout the political system. Foreigners, however, seem to have taken note: hence the new look at British economic prospects, the confidence in sterling and in the equities market. It has stopped raining but, like any change in the weather, the British find it hard to get used to.

EUROPEAN AIR FARES



Source: IFS based on industry estimates

Leighton Morris

Battling to break the price barrier

By Tim Dickson in Brussels

HAS THE era of cheap European air travel finally dawned? The prospect of lower fares for millions of ordinary travellers was raised again this week by the European Commission's dramatic threat to step up its legal action against Lufthansa, Alitalia and Olympic Airways, the national carriers of West Germany, Italy and Greece.

The latest move in Brussels—designed to challenge for the first time in the courts the cosy and long-established practices of tariff fixing and revenue-sharing between airlines—comes at a time of unprecedented activity in the European air transport sector.

Recent reductions in the state shareholdings of Alitalia and KLM, for example, illustrate that airline privatisation has not just been a British phenomenon.

The intriguing possibility of new cross-border alliances between national carriers of the EEC has been raised by talks between Sabena of Belgium and SAS (Scandinavian Air Systems).

Perhaps most important for the travelling public are the growing signs that, on certain routes and in certain countries of the Community, small independent airlines are challenging the dominant positions of their established rivals.

Such developments, however, should not be overstated. For if the evidence suggests that Europe's airline cartels are fraying at the edges, the 40-year system of inter-government agreements which keeps fares up and competition down remains fundamentally intact.

That is why what happened in Brussels this week — and more importantly what happens during negotiations between Community Transport Ministers over the next few months — matters deeply to those anxious to liberalise one of the last and most blatant European restrictive practices.

The outcome of the battle, moreover, has important implications for the European Commission, unquestionably now the key player in the drama. It holds within its power the chance to change the Community's sterile image of bulging butter mountains and bloated bureaucracies. On a global scale, the scope for the large, increasingly aggressive US and Far Eastern carriers to penetrate the European market is also at stake.

European attitudes to air transport have long been marked by a strong belief in airlines as symbols of national virility and important sources of local employment—the sort of philosophy which encouraged the six original member states of the EEC to exclude this sector from the key competition rules of the Treaty of Rome.

Bilateral deals between Governments have covered minimum prices for tickets, effectively excluded airlines other than the national carriers of the two signatory countries from particular routes, and sanctioned revenue and capacity pooling agreements between the national "partners."

Critics of this system — described by the EEC Competition Commissioner Mr Peter Sutherland last year as "uniquely anti-competitive" — claim it drags efficient airlines down to the level of the least dynamic, and prices large numbers of potential airline passengers out of the market. Comparisons are frequently made with the highly deregulated US environment—where the proliferation of discount fares has substantially increased both volume and capacity — but even Mr Sutherland, the high priest of change this side of the Atlantic, does not want a US-style end to Government control.

The first tentative moves in Brussels to bring greater flexibility were made in 1979 but the vital spur was not provided until last year when the European Court confirmed in a case brought by the French travel agency Nouvelles Frontieres that the competition rules of the Treaty applied after all to the air transport sector.

That judgment precipitated the first serious discussions last summer by EEC Transport Ministers and emboldened the Commission to start legal proceedings by sending warning letters to 10 of Europe's national carriers. It is this process which effectively came to a head in Brussels on Wednesday.

European air transport is by no means uniformly restrictive. According to enthusiasts, the benefits of competition are well illustrated by the more liberal bilateral agreements, notably that between the UK and the Netherlands. Signed in June 1984 and amended in June 1985, it allows more or less open entry to routes, places no limits on capacity, and virtually no Government restrictions on the level of fares. There are now seven airlines on the London to Amsterdam route, compared with four in 1983.

According to Mr Ronald Katz, economic attache to the International Chamber of Commerce and author of a recent study on airline deregulation, "there is a wide range of service choice." The impact of competitive pressures on fares was evident when Transavia entered the London-Amsterdam market in October 1986, argues Mr Katz. As a promotion, the carrier, which flies to aGtwick, offered a one-class, unrestricted £73 fare until December 31 1986. KLM immediately followed suit.

Mr Francis McGowan, of the Institute for Fiscal Studies, is not greatly impressed by the impact of liberalisation on fares so far—stressing the restrictions on some discount offers—while Mr Katz cautions that traffic increases may be insufficient to support all the carriers on the London to Amsterdam route.

Nevertheless, official British Government figures suggest that liberalisation has an immediate and significant effect on demand. In the first year of the new Dutch agreement, for example (1984-85), there was a 16 per cent increase in passengers travelling London-Amsterdam compared with average growth throughout Europe of 10 per cent. More dramatically, during the first year (1985-86) of a moderately less restrictive UK-West Germany agreement, Gatwick-Frankfurt traffic was up 35 per cent, Manchester-Frankfurt was 19 per cent higher and Heathrow-Cologne 17 per cent better. All these compare with 10 per cent growth for Europe as a whole.

Over the past year or so the expectation of change in the air has had a galvanising effect at the fringes of the market.

For example, applications by Air Europe, part of the International Leisure Group, for more than 10 new services between Gatwick and various European cities were being heard in London by the Civil Aviation Authority this week and should provide a test of the British Government's commitment to liberalisation. The airline is talking about cuttinng current standard fares by 10 to 15 per cent.

Meanwhile, Ryanair, a new independent airline in Ireland which is offering cheap fares on the London-Dublin route, appears to have played a major part in Aer Lingus's decision to make its own inexpensive fares between the two cities less restrictive than before.

Denmark — apparently one of the most entrenched member states during last year's political negotiations in Brussels — has this year set an example to its EEC partners by approving applications for discount fares between Copenhagen and New York from Tower Air, a small American independent, and Northwest Orient Airlines.

There is also evidence that charter operators—which carry more than half of all European leisure passengers—are providing new competition for scheduled airlines. Nouvelles Frontieres has announced a twice-weekly fare of £49 from Gatwick to Paris and a £65 return from Heathrow to Charles de Gaulle airport five times a week. "What they are doing is exploiting the rules on charter services," says one industry observer, "the flights are regular and there are very few conditions attached."

To say, however, that such market developments have seriously shifted the edifice of inter-airline and inter-government agreements would be an exaggeration. Only the legal and political initiativ[e] provide the necessary sho[ck]

The Commission has pursuing two lines of at[tack] direct legal action on the [one] hand and political negoti[ation] in the Council of Ministe[rs] [on] the other. The two are in[extric]ably linked.

This week's agreemen[t to] issue so-called "rea[soned] decisions," for example [legal] opinions which will rende[r the] practices of the offendin[g air]lines null and void in [Com]munity law and enable [any] citizen to challenge the[m in] court—was calculated to [exert] maximum pressure on [Com]munity Transport Minist[ers to] reach their own voluntary [agree]ment.

The competition la[ws] [en]shrined in Article 85 [of the] Treaty of Rome—guaran[teeing] free trade between m[ember] states—cannot be applie[d with] their full force against [an in]dustry as complex, poli[tically] sensitive and geograp[hically] diverse as air transport.

What the Commission [is con]cerned to encourage is [a step-by-]step progress towards [liberali]sation which would gi[ve] airlines time to adapt a[nd main]tain an overall [...] framework.

The trouble as Mr S[uther]land and many others se[e it] that the political nego[tiations] are getting nowhere. [...] speaking there are [...] dominant issues—how to [allow] more competitors (not[ably re]gional airlines) on [estab]lished routes, how to lim[it] collusion through bro[adening] the scope of discount fa[res and] how to stop the big a[irlines] carving up the market [them]selves through capacity s[haring] arrangements.

Ultimately, however, [the] shape and scope of the [...] package that will really [...] The Netherlands, and [...] certainly Britain and [...] seem likely to bloc[k any] attempt at agreement [next] week on the grounds t[hat the] current proposals are n[ot suf]ficiently radical. But [...] next Transport Council [...] the EEC's new majority [voting] rules could leave the [...] reformist member states [in an] isolated minority.

That is why the libe[ralisers] are pinning their hopes [on the] Commission, itself [split] between the enthusiasts [...] Mr Sutherland and a [more] cautious group led [by Mr] Stanley Clinton Davis, [whose] portfolio consists of t[ransport] and the environment. [Mr Clin]ton Davis is understood [to have] gone along with the maj[ority of] Commissioners on Wedn[esday] but he (and many susp[ect] Commission Presiden[t Mr] Jacques Delors) are [...]tively more likely to a[ccept a] less than zealous [...] agreement.

Besides the threat of [direct] legal action, Brussels' other and equally effective [...] lies in its power to grant "group exemptions" to [certain] categories of inter-airline [agree]ments. These would [protect] European carriers aga[inst the] full force of the com[petition] rules during a three-year [transi]tion period. Such exem[ptions] will be an essential qui[d pro] quo for any Ministerial [deal]. Member states could [dis]regard the Commission's [pro]posals on this issue [to the ext]ecent that their own vie[ws were] to be unanimous.

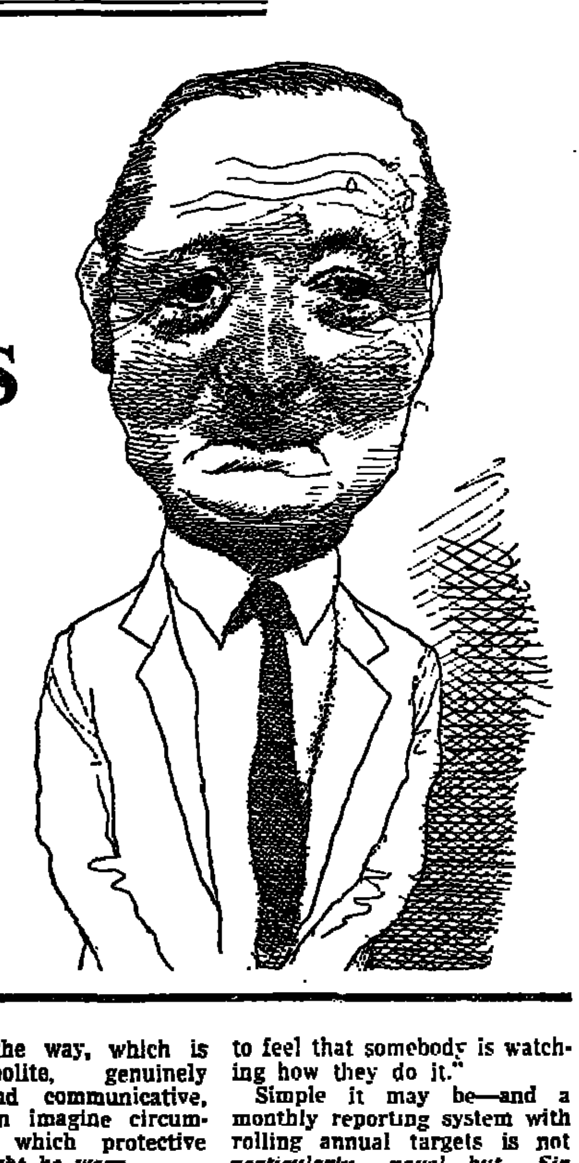
The next few months [...] to provide them with a [...] ride.

Man in the News

Sir Francis Tombs

Hat-trick hero heads for the transfer market

By Max Wilkinson



SIR FRANCIS TOMBS, chairman of Rolls-Royce, could be forgiven for indulging his enigmatic and rather inward smile when he announced the company's 1986 results at a superbly engineered press conference in a Picadilly hotel this week.

After some rapid reciprocating questions and answers in which Sir Francis demonstrated fine timing and thrust, someone asked if he had any worries. With a faintly perceptible change of revolutions he said: "Only the usual sort of business worries; nothing that keeps me awake at night."

There is, indeed, every reason why he should sleep soundly at present. The Rolls results, showing a 48 per cent recovery in pre-tax profits since last year and a 360 per cent rise over two years, put the company in excellent shape for privatisation this spring. They also represent a remarkable industrial hat-trick for Sir Francis.

Just six years ago, after resigning amid some bitterness as chairman of the Electricity Council, he was asked by the Bank of England to take command of the Weir engineering group which was then wallowing almost on the reefs of bankruptcy.

A year later he was dropped aboard Turner and Newall, the asbestos and engineering group, which was in similar difficulties. In both cases he acted rapidly to lighten ship, shake up management and to institute much tougher monthly reporting systems. T and N has made a good recovery, has now at last succeeded in buying the AE engineering group and was confident enough to announce a rights issue last week to pay for the purchase.

At 62, Sir Francis is one of of those rather rare industrialists who has moved in and out of the public sector with apparent ease. After leaving school at 16, he started at the General Electric Company, gaining qualifications in engineering and later a degree in economics in his own time.

After several moves between the private and public sector he became chairman of the South of Scotland Electricity Board in 1974, and chairman of the Electricity Council three years later. He resigned from the council in 1980 when the Conservative Government refused to carry out the plans of the previous administration to reorganise the industry.

It was shortly afterwards that he took charge of the Weir group, which is now back on course with Viscount Weir once again in his old seat as chairman.

"It's nice to have a Weir in charge of Weir," says Sir Francis, with another inflection of his discreet smile. It is a smile, by the way, which is always polite, genuinely pleasant and communicative, but one can imagine circumstances in which protective clothing might be worn.

Thekey to his success, he says, has been a balance between pushing out responsibility to individual managers while holding them strictly to the financial and performancetargets which they have agreed with the centre.

"It sounds simple," he says in his quiet speculative way. "But it is a fact that most people want to be left to get on with their jobs. They also want to feel that somebody is watching how they do it."

Simple it may be—and a monthly reporting system with rolling annual targets is not particularly novel—but Sir Francis believes there are many British companies which have not grasped the nettle, in spite of the large shakeout of inefficiencies and overmanning in the last eight years.

The three companies that he has taken charg of since 1981 were all in different ways examples of this especially British phenomenon—companies whose good engineering achievements (outstanding in the case of Rolls-Royce)—were almost wrecked by poor or complacent central management.

After Rolls-Royce crashed into the public sector under the Heath Government in 1971, financial control was radically tightened and risks to which it was exposed have been greatly reduced by improved technology and a series of co-operative agreements with competitors.

Nevertheless, Sir Francis says that its recovery was slowed down by thedrag of being in the public sector. The challenge of exposure to the stock market and its army of analysts has made the company much sharper and more questioning in preparing its corporate plans.

Alhough Sir Francis has been a highly active chairman spending long hours five days a week at Rolls-Royce, he is not the chief executive, and not absolutely the boss. At Rolls and Turner and Newall he works with and through managing directors in one of those rather English balances of power.

"I would say to the M-D, who do you talk to: you cannot talk to outsiders, nor to your immediate subordinates; and once that is realised I have got the basis for a very fruitful relationship."

All the same, Sir Francis does have a more prickly side. Three weeks ago he wrote a letter to The Times suggesting that the Government should abandon its plans to build a new nuclear Pressurised Water Reactor, and think again about the Advanced Gas-cooled Reactor which he championed when at the SSEB. His motive, he says, was that "people who feel strongly should let their position be known."

But wasn't his timing, just when the announcement of a new PWR was imminent, intended deliberately to embarrass the Govermnment and his old rivals at the Central Electricity Generating Board? Naturally he doesn't admit this, but says the CEGB would be guilty of "gross dereliction of duty" if it had not made contingency plans for a new AGR. ". . . and I would rather not believe that is the case."

Again that smile.

European year of the environment

Dirty old Britain cleans up its act

By Tony Jackson

T EUROPEAN Year of the E onment, which formally st today, is an EEC-wide ca aign to bang the drum a pollution and conserva- ti

tain is plunging in with a st of events from children's p competitions and mass tr lantings to conferences on cl air and the North Sea.

r in Brussels, this may be vi d with a certain cynicism; re tedly over the years, on a h of EEC environmental iss . Britain has been the aw ard member, the odd one ou

list of disputed issues re like an environmentalist's ha book: acid rain, fluoro- ca ns, nitrates in water, ti um dioxide, sewage on be es. Even on the basic pr ple of limiting pollution by uantity Britain is out of st relying instead on a yard- sti f its own invention called " e ronmental quality objec- tiv "

there is a paradox here. Br n is not taken all round, on f Europe's more polluted co ries. In some ways it is th verse. It has also been ah of the rest of Europe on so environmental issues, su as lead in petrol and the pr tion of birds. So why the re ation for stubbornness?

e reason we Brits argue a " says Mike Flux, head of th vironment advisory com- m e for the Chemical Indus- tr ssociation, "is that unlike so European countries we ac ly have our eye on getting so hing done. We strongly fe the Southern Europeans es ally have said yes to ev hing and then done damn al out it. The Department of e Environment is particu- la keen to make sure Minis- te really appreciate what th e signing up for."

Brussels, there is a m re of agreement to that. St y Johnson, an environ- m l adviser to the European Co ission, says "on some iss , such as the scientific ba f policy, the UK has been a eworthy contributor. And th s a UK insistance that if th are laws they should be fu implemented, and we at the Commission appreciate that."

On the other hand, Britain is no longer one of Europe's richest nations. "The level of environmental activity around the world correlates very closely with national wealth," Mr Flux says. "Countries like the US, Japan and Germany come at the top of the table."

This is a matter not only of industrial profitability but of government spending. In its most recent report on Britain's rivers, the Department of the Environment found that water quality, after many years of improvement, had fallen slightly over the five years to 1985. This was primarily due, the Department said, to Britain's deteriorating sewage system.

The same problem afflicts British beaches. Andrew Booth of the environmental group Greenpeace says "the Department of the Environment is saying publicly that bathing water on beaches will be up to EEC standards by the early 1990s, and have told the water authorities to see to it. The water authorities are saying they don't have the resources."

On some issues Britain claims to stand on principle

On some issues, though, Britain claims to stand on principle. A good instance is the long-running argument over pollution from manufacture of titanium dioxide, a pigment used in paint making.

Du Pont, the world's biggest maker of the chemical, has just abandoned plans to build a new plant in Taiwan after riot police had to be called out to deal with environmental protesters. The British Government seems more relaxed, despite the vivid red colour imparted to stretches of the Humber estuary by the manufacturing processes of Tioxide, the world's second largest producer.

An EEC Directive is proposed to limit titanium dioxide emissions, but Britain has reserved its position. Indeed, a House of Lords Committee concluded two years ago that the Directive would actually harm the environment. "The UK is hiding behind the principle of environmental quality objectives," says Stanley Johnson in Brussels. "Cynics might argue that the Humber estuary is so dead anyway that nothing you put into it could hurt it."

Environmental quality objectives, or EQOs in the jargon, are at the heart of British policy on pollution. Other European countries work on the basis of a fixed limit for emission of any given toxic substance; Britain varies the limit.

Mike Flux says "it's a head-on clash between the Roman Law and common law traditions of legislation. In the Roman tradition it's handed down on tablets of stone what you're allowed to do or not, and that's the end of it. In Britain there's the tradition of the man on the Clapham omnibus and what's reasonable in the circumstances.

"If it's a question of discharging chemicals into a salmon stream with good drinking water, the authorities will set very tough standards. But they would be nothing like as tough for a river like the Irwell, which has been heavily polluted for a couple of centuries. In Europe, the standard will be set irrespective of whether the river is being discharged into by one factory or 50."

A further reason for the difference has to do with geography. Britain being an island, what goes into its rivers is a purely British problem. In Europe, as was underlined last year by a series of chemical dumpings in the Rhine, a lot depends on one's neighbours.

"I believe the Rhine does dominate Continental water policies," Mike Flux says. "If we had that problem, we would probably agree that fixed emissions were a necessary way to treat it." The distinction sounds so fundamental that it comes as a surprise to hear, as Stanley Johnson claims, that the EQO system was dreamt up overnight. "It was invented on the spur of the moment in 1976 by Dennis Howell, the British Minister responsible, during negotiations over the 1976 Directive on the Discharge of Dangerous Substances into the Aquatic Environment. The Directive ended up giving the option, and eight countries said they would apply emission standards and one went for quality objectives."

What goes into Britain's rivers is a purely British problem: but for Germany's Rhine, much depends on the country's neighbours.

As it happens, the Fourth Community Environment Programme, adopted this week by the EEC Council of Ministers, is to review the two systems, and look for a way of bringing them together. But the British method has a reasonable record. Rivers in other industrial areas —Merseyside, Teesside, Birmingham, Sheffield—are heavily polluted, but others such as the Test or the Avon, are up to the highest European standards.

It is in atmospheric pollution —an international rather than domestic issue—that Britain has caused more annoyance. There are two particular problems presently at issue—sulphur emissions, thought to cause acid rain, and fluorocarbons, the chemicals used in aerosols and refrigerators which are suspected of causing damage to the ozone layer.

But there are signs of movement. "If you'd asked me a year ago I'd have said yes, Britain is blocking progress on air pollution," Stanley Johnson says. "But now there's very much a question mark on that.

On fluorocarbons, the UK has called for further evidence for ozone damage. "ICI, the main manufacturer, has put the British Government up to suggesting it's not a problem," says Andrew Booth of Greenpeace. Stanley Johnson is more diplomatic: "the UK has taken the line of caution and prudence, but whether the real reason is scientific or commercial is another question." ICI in fact concedes that fluorocarbons might be harmful, but only if the rate of emission were to carry on increasing.

Two days ago, though, Britain put its name to an EEC agreement calling for an immediate freeze on fluorocarbon production and subsequent cuts. The issue will be debated at the level of the United Nations, and Britain seems to have been instrumental in ensuring that the EEC position falls well short of reductions being sought by the US. But it has, as usual, ended up complying with its partners.

Indeed, that seems to have become the UK's hallmark—stubbornness to begin with, followed by compliance. The European Environmental Bureau, an umbrella "Green" organisation in Brussels, published a study last October of member countries' compliance with EEC environmental law. The record showed 68 alleged infringements of a total of 30 different directives. Top of the list with 15 infringements was Belgium. Bottom, with just two, was the UK.

Used cars

Stopping the clock on tricks of the trade

By John Griffiths

SOMEWHERE, if the myriad horror stories are to be believed, there must be a parking lot, where motor trades gather to sell their grandmothers (doubtless bearing stickers declaring them to be young unmarrieds).

Statistics fom the Office of Fair Trading (OFT) show that in the demology of consumerism, the motor trade ranks only second, behind High Street retailers, for numbers of complaints to Trading Standards Departments and Citizens' Advice Bureaux.

But the motor trade sector is far more emotive, and used car sales most emotive of all, for two main reasons: much larger sums are involved; and the complexity of cars leaves buyers at the traders' mercy.

A conference staged this week and an "alternative car" show a few days earlier, both by the Institute of Trading Standards Administration, demonstrate calls for measures to clean up the trade's rogue side have had limited effect.

On display were some of the more ingenious, not to say potentially lethal, tricks of the trade's more unscrupulous elements: a supposedly low-mileage hatchback, welded together from three crash write-offs, various examples of "clocking" (winding back the milometer), samples of sheet metal "repairs" like baking foil slapped over the bitumen).

It might seem ironic, then, that Sir Gordon Borrie, director general of the OFT and long-time campaigner against unscrupulous traders, should be sharing the conference platform with one of the motor trade's principal figures, Mr David Gent, director general of the Motor Agents Association.

But the MAA is acutely conscious of the trade's poor reputation. It represents the bulk of the franchised motor trade in the UK, with about 13,000 members out of an estimated total of 33,000 UK retail motor trade outlets.

While protesting, frequently, that most of the trade is conscientious and unfairly pilloried —not least, it claims, by those Trading Standards officers who "doctor" cars with faults and then send them for servicing to unsuspecting garages — the MAA has been little less active than the OFT in seeking to stamp out abuses.

Mr Gent's particular concern is with used car sales and clocking—a practice estimated to cost consumers £250m a year in inflated prices. It is said to affect one in five of the more than 2m used cars sold annually through the motor trade.

But he is putting forward suggestions which, if adopted, could markedly improve the situation, not least for reputable motor traders, who can be

as much victims of clocking in inter-trade deals as Joe Public.

The MAA suggests that each owner should have to provide the licensing centre at Swansea with a car's mileage at each renewal of its excise licence. So, for a modest fee, traders, consumer protection agencies and private buyers would be able to check the mileage history.

The association is also pushing for a voluntary Code of Practice as a legal requirement for all motor traders to follow. A key provision of the code is a multi-item checklist certifying a used car's condition.

"This would require only fairly simple legislation," says Mr Gent. "It is no longer acceptable that honest traders should be vulnerable to competition from the less scrupulous."

However, Mr Gent's implied view that the entire MAA membership dutifully follows the code is not shared by Sir Gordon. Speaking of the checklist, he insists that "we all know that only a minority of MAA members comply with this obligation . . .

"The majority, however, seem to think that for them to be so open about the condition of the cars on their forecourt, when non-members down the road are under no such obligation, would put them at a competitive disadvantage."

Sir Gordon has some sympathy with that view and has long advocated the need for statutory declarations about the condition of used cars. What is needed now, he suggests, is further consultation with government departments on the precise form of such a legal document to avoid any subjective element, which could run a trader unwittingly foul of the Trade Descriptions Act.

Yet just how effective such measures might prove in practice is open to doubt because while Trading Standards officers are diligent in their pursuit of offenders, the courts frequently fail to treat sufficiently seriously with offences like clocking.

Sir Gordon favours a return to the old car log book system of listing names and addresses of previous owners, and a requirement of car manufacturers that they should fit tamper-proof milometers.

Other suggested measures against abuses include the licensing of car auctions — through which a substantial volume of fleet cars now pass into the retail trade — and, indeed, licensing to operate trade-wide.

Attractive as it might sound, the last has in fact proved relatively ineffective in Scotland, where the Civic Government (Scotland) Act empowers local councils to license used car dealers. Few do so, and only one licensed Scottish trader has had his licence withdrawn.

A discussion paper, incorporating several of the above ideas, has been drawn up by the OFT. But the reality is that it is a relatively powerless body, which cannot intiate legislation. And, so far, neither it nor the motor trade lobbies have managed to instil the required sense of urgency.

Letters to the Editor

nsions and e Budget

Fr Jenny Lewis and Ge ina Keane.

— One aspect of the Ch ellor's Budget which has re ed little comment is the pr sed major change to pe n limits under occupa- tio pension schemes. The Ch ellor proposes that an em yee must be a member of a sion scheme for at least 20 ars before accruing the ma um pension (two-thirds of nal salary) from that sc e. Previously, a full two- th pension could be pro- vi after 10 years' completed se e.

his Budget speech, the Ch ellor highlighted personal pe ons and stressed the need to courage labour mobility an independence in pension pr sion. His dramatic curtail- m however of the ability to ac e a full two-thirds pension, n mentioned in the speech, w seriously hamper job m ity. Any employee chang- in obs, and therefore occupa- tio pension schemes, will be su ct to the new restrictions w will apply to all new sc es and all new members of xisting schemes. An em- pl e could lose substantial pe on entitlement unless he or e will have 20 years or m service until normal re ment. Only employees w have always had adequate in -linked pension benefits, h never taken a refund of co ibutions and have never h career break (particularly relevant to women), will remain potentially unaffected by the new rules. Few people may be expected to fit into this category.

The Chancellor's proposals to allow occupational scheme members to make additional voluntary contributions (AVCs) to pension schemes of their choice is to be welcomed. Unless, however, the retirement benefits purchased with such contributions can exceed the proposed limits on pension entitlement, the change will be of little comfort to employees with inadequate accrued pension entitlement who wish to change jobs within 20 years of normal retirement.

Can the Chancellor really have meant to have imposed such a brake on labour mobility?

Jenny Lewis, Georgina Keane,
Titmuss, Sainer & Webb,
2 Serjeants' Inn EC4.

Playing the slot machines

From Mr. D. Spanier.

Sir,—Prince Rainier has got it quite wrong (March 16). Far from being depressing, the presence of people in wheelchairs, playing the slot machines, is one of the redeeming features of Las Vegas. It offers such disadvantaged people much harmless enjoyment.

If the directors of the Prince's own casino had paid more attention to the public's comfort, the operation might not have lost the money it did (see the annual reports of the Societe des Bains de Mer) over the past two years.

David Spanier,
60 Gloucester Crescent, N.W.1.

Views on defence

From Mr D. Stimpson

Sir,—If your report (March 12) of Monsignor Bruce Kent's comment about Mr James Callaghan "ignorant and disloyal" and calling for his expulsion from the Labour Party is correct, then Mr Kent's arrogance can only be described as breath-taking.

Mr Callaghan has articulated his views on defence many times these past 40 years and follows a long and honourable tradition including Clement Attlee, Ernest Bevin and Hugh Gaitskell.

The question of "ignorance" can hardly arise and as to loyalty, it is Mr Callaghan who has retained a consistency of approach and shown that quality to the electorate.

Mgr Kent's call for Mr Callaghan's expulsion shows much intolerance and I wonder if I am alone in your readership in retaining admiration for Jim Callaghan and holding Bruce Kent in deep contempt.

David C. Stimpson.
27 Romeyn Road, SW16.

Allocating the blame

From Mr A. Everson

Sir,—The Chief Economic Advisers to governments from 1947 to 1979 should look to themselves before allocating blame for the current high levels of unemployment (March 16). Their years of influence precisely matched an era of full employment, a euphemism for overmanning, the inevitable correction of which has been the primary cause of unemployment today.

As long ago as 1947 I remember the schoolboy joke that it took three people in Britain to make a ton of steel, build a motorcar, or produced almost anything, whereas the rest of the industrialised world only needed two. This appalling productivity was condoned by a conspiracy of government, management and unions, who for 30 complacent years seemed to believe it need never change. It was, of course, a desperate illusion which had eventually to be put right. This has now been corrected by a world recession and a bold government, but at great human cost.

The problem was visible for decades, but there was no leadership from the waste of the Macmillan years or the triviality of the Wilson years and no advice that I can recall from a succession of Chief Economic Advisers. If overmanning had been challenged in the 1950s and 1960s, our industrial base today would have been far stronger, new industries would have emerged from gradual redeployment and we might even have had a viable and prosperous motor industry.

Instead, we have paid the price of 2m extra unemployed since 1979 for having, in the space of a few years, to bring ourselves into line with the rest of the world. It ill becomes those who presided over that era to criticise those who have had to shoulder the burden they left behind. At last we now have an efficient competitive economy which no longer allows three people to do the work of two.

Adrian Everson.
10 St George's Terrace, NW1.

A clouded view of Anglo-American relations immediately after the last war

F Professor L. S. Pressnell

—It is a great pity that M Douglas Jay should have gi further currency (March 1 o half-truths which have cl ed the record of Anglo- A ican relations in the cr al period immediately fo ing the end of the war in 19

Jay was at the time in 10 D ing Street as Prime M ter Attlee's "personal as ant and adviser on econo- m olicy." He nevertheless, in hi eview of the latest volume of cuments on British Policy O eas, seriously misrepre- se the Anglo-American nego- ti ns of September-December 19 which eventually secured a merican loan for Britain. M I deal with his assertions a attempt to clarify major fe res of those negotiations?

he sudden and (by the B sh) unforeseen cancella- ti of Lend-Lease by Truman — ing out of incomprehen- s rather than malice. . . ." I uth, Whitehall had long r ed that Lend-Lease would e with the war, and that d rent arrangements for p time financial assistance w d have to be negotiated w the US administration. Indeed, at the Potsdam Conference in July 1945, shortly before the Japanese surrender, President Truman had agreed to discussions about "Stage III," as the immediate post-war period was known, being held in Washington during September. The "unforeseen" elements were the sudden end of the war and the shock of actually experiencing the expected end of Lend-Lease, though there had for months been forewarnings in serious "hiccups" in supplies from the US. As for President Truman, he knew, having narrowly steered the continuation of Lend-Lease through a suspicious Congress a few months previously, that he was obliged both legally and politically to suspend it.

"The Americans wanted to impose all sorts of irrelevant conditions such as the end of Imperial Preference . . .". Again, Whitehall had long realised that trade policy, in which the discriminatory device of Imperial Preference was powerfully symbolic, would feature in the post-war settlement of Lend-Lease. Since the Mutual Aid Agreement on Lend-Lease (February 1942) Britain had been reluctantly committed to this, the Foreign Office's legal adviser having previously confirmed that the contentious Article VII encompassed scrutiny of Imperial Preference. Even as the war ended in August 1945, Anglo-American talks involving trade policy were taking place in London.

The Americans wanted the "writing down of the UK's other debts" — i.e., the sterling balances. Lord Keynes, the Chancellor's principal economic adviser, had repeatedly advocated this. The Coalition and Labour Chancellors both favoured such a policy. Its attempted implementation, however, faced acute difficulties when Keynes went to Washington in September 1945 to negotiate post-war US aid. He had personally given a pledge against unilateral repudiation to Indian delegates at Bretton Woods in 1944, on the instruction of Sir John Anderson the then Chancellor. The post-war political crisis in India, and British reluctance to propose reduction of debts to poor colonial countries were powerful constraints. Keynes was therefore instructed so to manoeuvre in Washington that the proposal to scale down sterling balances should appear "to be that of American Government," although such a suggestion would be "in our opinion . . . in accordance with realities of position" (these phrases come from a crucial Whitehall telegram to Keynes, approved in Prime Minister Attlee's handwriting). So successful was this ploy that it has misled many beside Mr Jay.

US insistence on the convertibility of sterling: the British intention, albeit reluctantly under Keynes's persuasion, was to proffer the bait, at the start of negotiations, of a vaguely outlined species of early convertibility, in order to secure the required dollar aid. The US negotiators took this as a definite proposal for full convertibility. When London realised this, too late, and sought to back out of even the projected commitment on early restricted, convertibility, a breakdown in negotiations and Keynes's resignation were briefly in prospect.

Keynes had proposed an imaginative scheme for the post-war Anglo-American settlement. A substantial US credit would facilitate the restoration of Britain's balance of payments, and permit trade liberalisation and early convertibility. As this would benefit the sterling area countries, they should accept reduced or blocked balances as their voluntary contribution to sterling's recovery; that would also encourage the US to provide the necessary aid.

Alas, the grand scheme proved a mirage. Keynes duly dangled convertibility and debt cancellation before the Americans. In agreement with Whitehall, he sought, however, to avoid serious discussion on trade policy, despite US insistence that that would be unacceptable. Consequently, negotiations were initially delayed and perhaps fatally compromised, marking time until a further team of trade experts arrived in Washington to deal with Imperial Preference, etc.

If there is to be a search for culprits, as distinct from causes, they might be sought in Whitehall and the Houses of Parliament and Transport House, and not just in the White House.

(Professor) L. S. Pressnell.
Boundary House,
St Stephen's Hill,
Canterbury, Kent.

UK COMPANY NEWS

Enterprise Oil holds dividend as profit slides

BY LUCY KELLAWAY

Enterprise Oil, the UK oil independent, yesterday announced that its dividend for 1986 is to be maintained at 8.5p, despite a fall of two thirds in net profits to £23.4m. The company congratulated itself on doing as well as it had in a difficult year and expressed some optimism that the present year would be better.

Mr William Bell, chairman of Enterprise, said yesterday: "1986 was the most challenging year since our formation but in spite of it, or perhaps even because of it, the year has been one in which substantial progress has been possible."

During the year the oil price moved between £6.50 and £18 a barrel, and although production increased by nearly 10 per cent to 38,700 barrels a day, turnover fell from £266.3m to £142.2m. Operating profit of £96.5m in 1985 was translated into a loss of £4.2m last year.

As a result of the fall in the oil price, Enterprise said it had taken "early and energetic action" to cut costs. Its exploration budget was reduced almost by half to £30.6m last year, capital expenditures were reduced from £76.4m to £62.2m, and general administrative costs fell by about £2m to £4.8m.

Despite the collapse in revenues, Enterprise said that its cash position remained strong. The group ended the year with no net debt, after a cash outflow during the year of £19.9m.

The company gave a fairly cautious assessment of the outlook for oil prices this year. It said that continued volatility was to be expected in the short term, but added that if current prices were maintained, Enterprise's performance over the next few months would be helped.

Graham Hearne, chief executive of Enterprise Oil.

It said that Enterprise is now well placed in the industry, especially following the acquisition of ICI's oil interests, completed in January. The deal has added £25m of cash to Enterprise's balance sheet, doubled its production to 60,000 b/d and would lead this year to a major rise in both earnings and dividend cover.

Mr Graham Hearne, chief executive, said: "Our main objective remains the continuing development of the business, and even in an adverse oil market, we now possess the scale and range of resources to sustain our progress."

During the year the group recorded a tax credit of £20.6m compared to a charge of £48.4m. Earnings per share fell to 10.8p from 29.5p.

See Lex

Debt rating lowered on Standard Chartered

Moody's Investors Service, the US debt rating agency, said yesterday it had lowered its rating on the long-term debt of Standard Chartered because of concern about the quality of the bank's assets.

Moody's said Standard Chartered "lacks the stabilising effect of a more significant presence in the domestic UK market, which is the strength of other British clearing banks," although it noted the company's long-standing position in a number of markets and improved risk control procedures.

The downgrading, which affects $1.6bn (£1bn) of debt, reduced the bank's long-term deposit rating from AA2 to AA3 and its junior subordinated debt from A2 to A3.

It also involved a lowering of the rating of Standard Chartered's Los Angeles-based subsidiary, Union Bancorp.

Standard Chartered reports next week results for 1986 which are expected to be poor because of loan losses in the Far East.

Dixons agrees to extend Cyclops bid

By Alice Rawsthorn

Dixons Group, electrical retailing group, has agreed to extend its $384m (£240m) takeover offer for the Cyclops Corporation until midnight New York time on Tuesday at the behest of the US regulatory body, the Securities and Exchange Commission.

On Wednesday Dixons announced it had won control of Cyclops, a US electrical retailing chain. Having secured acceptances representing 54 per cent of Cyclops' shares Dixons waived an earlier condition of its offer which stipulated that 80 per cent of the shares should be tendered.

The SEC claimed that Dixons waived this condition without giving due notice. Dixons' legal advisers were locked in discussion with the SEC yesterday and thrashed out an agreement whereby its offer has been extended from March 17.

Thus the Cyclops shareholders who have already tendered their shares will have the opportunity to withdraw. Similarly those shareholders who did not tender will have the opportunity to do so.

Dixons issued a statement yesterday saying that it had agreed to the extension in order to "settle the dispute and expedite completion of the offer" but stressed that it did "not agree with the SEC's position."

The Bankers Trust bank in New York will be open throughout the weekend to enable Cyclops shareholders to offer or withdraw their acceptances.

Yesterday Audio-Video Affiliates, the controlling shareholder in Cyacq, the US group which had mounted a competitive bid for Cyclops, filed suit in an Ohio court to seek a temporary restraining order and preliminary injunction to prevent Dixons from exercising any control over Cyclops and to force it to permit Cyclops shareholders who had previously tendered their acceptances to withdraw for ten business days.

Newman Industries

Newman Industries is talking with Brook Crompton Parkinson Motors, a subsidiary of Hawker Siddeley, about the possibility of a merger of the electric motor interests of the two groups.

The two companies are considering a range of options including floating off the combined group or subsuming it within either Newman or Brook Crompton. In the last full financial year, Newman's electric motors division made an operating loss of over £1m.

Clay Harris looks at a company preparing to fight for its independence

Norcros is leaving nothing to chance

Norcros is girding for battle.

Despite considerable speculation, Williams Holdings did not launch a hostile offer this week for the building products and printing group, which has a market value of about £515m.

But Norcros is leaving nothing to chance, sharing the City view that a bid is a possibility, and is likely to come sooner rather than later.

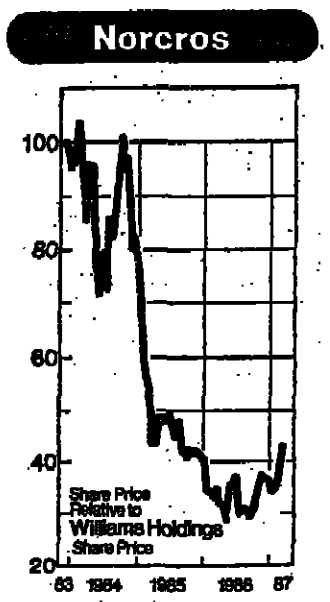
On Wednesday it published the first of a new series of advertisements in the national press, intended to emphasise the new face of Norcros. The advertisements had been long planned, but were rushed forward to prepare, if necessary, the defensive ground.

The next day, just as Williams declined to declare its intentions, Norcros announced further capital investment to extend and refurbish its UBM chain of builders' merchants.

Norcros and its advisers have also spent recent days taking their case direct to institutions and trying to deflect some of the critical examination towards its putative suitor.

If Norcros appears to have been galvanised by the sudden attention from new shareholders (see below), it is not before time.

"There have been one or two mutterings in the City that they might have got on with it rather faster than they have," one analyst said yesterday. "They have the image of being sound, of doing the right things, but not having the dynamism of a Williams."



Another analyst suggested that Norcros was a prime candidate for a management overhaul of the sort that has made Williams one of Britain's fastest growing industrial holding companies. The two companies' most recent full-year results, although ending nine months apart, cannot make happy reading in the Norcros camp.

On Thursday, Williams reported a trebling of pre-tax profits and doubling of earnings per share in 1986. In the year to last March, Norcros increased pre-tax profits by 31 per cent but earnings per share advanced by less than 6 per cent.

But Mr Terry Simpson, chief executive, insists that Norcros is on course to beat analysts' forecasts for the present year and that it was well placed to lead product development in the growth markets in which it had chosen to concentrate its efforts.

Norcros *is pinning its hopes* on eventually getting roughly equal contributions from three sectors: printing and packaging, building materials and property development. Although the third *is a relatively recent departure*, the structure reflects a more focused strategy that has benefited from the amputation of almost all of the group's troubled engineering activities.

The sole survivor, Butterley Engineering, is designing specialist cranes for Sizewell B, the pressurised water reactor to be built in Suffolk. This bodes well for its chances to win the eventual construction contract.

Norcros' printing and packaging activities win high praise, even from critics of the group's overall performance. The company concentrates on providing full systems to customers.

Its Payne Packaging unit, for example, *has developed a new method* for putting the tear-tapes into cigarette packets, using larger reels which can be changed without stopping assembly lines. Such emphasis on time rather than price allows margins to be broadened.

Computerised *systems* for label design eventually may allow direct input from a client company to Norcros manufacturing facilities.

NORCROS RESULTS BY ACTIVITY (£m)
(Year to March 31 1986)

	Turnover	Operating profit
Ceramics	73.6	11.8
Construction	112.3	7.1
Engineering	56.1	3.8
Print and pkg.	66.1	9.7
International	53.1	5.6
Distribution	240.6	7.5
Head office	—	3.6
Total	601.8	49.1

Existing technology can also be adapted to new applications. Autotype's coating technique for making photo-sensitive film is tailor-made for making two of the laminate layers within membrane touch-panels, which are increasingly used for switches.

The printing side's high trading margins are matched by the ceramics division, which includes H&R Johnson and other tile makers and also produces building adhesives. Other building products include windows, conservatories and cladding.

Norcros *has sold out of the* cut-throat glass-merchanting market, however, reflecting its determination to be a dominant force in a sector or none at all.

Property development evolved from the £105m acquisition of UBM in 1985. Norcros Estates now has projects worth £66m under development, with another £50m under negotiation.

Project co-ordinators offer clients a full catalogue of fittings, in which Norcros products feature prominently. If the co-ordinator insists that no in-house product is not suitable because of price or quality, it has to clear the decision with Mr Simpson.

Norcros' independence may stand or fall, however, on its stewardship of the UBM builders merchants. It will invest an additional £12m in 1987-88, after spending £7m this year, to build new stores and convert others into "high-focus" outlets, with display facilities aimed at trade and retail customers under the same roof.

A joint superstore with [illegible] in Truro is the flagship of the new-look UBM, a project developed by Norcros [illegible]. UBM is also expanding from its traditional stronghold in the west England, with the emphasis on the south-east.

Critics nevertheless feel that Norcros has been sluggish in bringing through the benefits of the retail network, and about 1 per cent by value of products sold are made elsewhere in the group. This is symbolic of doubts about management's ability to get the best from strong underlying businesses.

"In the present UK environment," one analyst said yesterday, "it will be done by somebody else if they don't get on with it themselves."

Keeping a close eye on the share register

Norcros was not reading minds when it revealed that first Bunzl, and then Williams Holdings, had built up nominee stakes that were still below the 5 per cent level at which disclosure is required, writes Clay Harris.

The ability to pre-empt possible predators, and to give the share price a lively boost into the bargain, illustrates one advantage of keeping a close watch on the share register.

The speed with which Norcros pounced (within five days in the case of Williams' 2.2 per cent holding) is testimony to the computer surveillance techniques employed by Hill Samuel Registrars, which acts for Norcros.

Any transaction of 100,000 shares or more, or changes in holdings of that size, are immediately called to the attention of the company secretary.

When the holdings are in nominee names, Norcros *automatically dispatches a letter* which demands, under Section 212 of the 1985 Companies Act, to know the beneficial holders.

Most of these turn out to be innocent, but in some cases more than one letter is required.

In Bunzl's case, Norcros had to plough through several layers of nominees before it discovered Bunhill Investment (considered phonetically, not such a cunning disguise) as the owner of 2.6 per cent of its equity held in 21 separate accounts.

Within a fortnight, the acquisitive Bunzl had sold the shares. The surge in the Norcros price had given it scope for a sizeable profit, but perhaps put too high a premium on any other ambitions it might have had.

A few days later, Norcros was asking Barclays de Zoete Wedd about a large block of shares it had bought. The next thing it knew, Mr Nigel Rudd, Williams chairman, called to ask for a meeting.

Considering the attention given to nominee shareholdings, it is perhaps surprising that more companies are not using similar techniques and their statutory rights of discovery. Of 210 companies for which Hill Samuel acts as registrar, more than 100 now subscribe for one form or another of additional surveillance.

The service used by Norcros, for example, adds no more than 10 per cent to its annual fees, according to Hill Samuel. Clients can tailor the reporting to their requirements in terms of frequency and size of shareholdings to be monitored.

They can even receive a weekly breakdown of which market-makers have handled which transactions, to see if they can ascertain any patterns.

In most cases, the surveillance would not detect the assiduous accumulator of very small holdings through separate nominees and gives even the buyer of 4.9 per cent a few days' grace.

Nevertheless, like a burglar alarm, the very knowledge that close watch is being given might provoke would-be raiders to creep by to less suspecting target.

Carless to pay £40m for 41.2% of Century Power

BY LUCY KELLAWAY

Carless, Capel & Leonard, yesterday announced plans to buy a 41.2 per cent stake in fellow oil company Century Power and Light, in a move that marks a further consolidation of the independent oil sector.

In an all-share deal valued at about £40m, Carless has agreed to buy from London Merchant Securities its 29.4 per cent stake in Century, and from TR Trustees its 11.8 per cent stake.

As a result, Carless' share capital will increase by about 23 per cent, and London and Merchant Securities, which already holds a stake in Carless, will increase its interest to 28.8 per cent.

The deal could lead the way to a full bid for Century from Carless, which is believed to favour such a step although it would not confirm its intentions yesterday.

Century's majority shareholder is Imperial Continental Gas, which is in the process of being split into two parts, one of which will contain Calor Gas as well as the 59 per cent interest in Century.

During the past few months IC Gas has been the subject of several full and partial bids for the company; earlier this week, two Belgian companies announced that they had bought 22 per cent of the company.

Mr Ian Clubb, chief executive of Carless, said yesterday that the deal with Century was a "super strategic fit."

Carless has a flat oil production programme until output from the onshore Wytch Farm field starts to build up in two years, when it will be needed to fund Century's share of the T-Block oilfield development.

Meanwhile, Century's production will remain high over the next two years, with its share of production from Hewett, Maureen and Forties now running at 9,400 barrels of oil a day and 18m cubic metres of gas.

On completion of the deal, Carless' gearing ratio will drop to about 20 per cent, from more than 100 per cent about a year ago. Mr Clubb said "we are now in good shape to start achieving good growth in the business."

Carless' shares yesterday rose sharply on the news, showing a jump of 12p to 109p.

This is the second deal Carless has done with London Merchant Securities during the past year. Last summer it exchanged 15 per cent of its shares for a stake in an investment trust and a handful of US oil and gas assets.

In the year to March 1986, Century made a profit before tax of £23m, and net assets at year end were £71.6m.

Further order delays hit DBE

Shares in DBE Technology fell 7p to 38p yesterday after the group announced that delays in orders from the Ministry of Defence were continuing.

At the beginning of December the USM-quoted group reported that delays in orders would slow down its growth rate. Yesterday it said the MoD had re-specified the terms of several contracts and was seeking new tenders from bidding contractors.

However DBS said in the past six weeks the company has won contracts worth £1.5m and its success rate over the period had been its best ever. This, it said, would be reflected in results for the second half of 1987.

In the 28 weeks to October 12 1986 the group made a pre-tax profit of £209,000.

Westminster and Country falls £0.4m into red

Westminster and Country Properties dived into the red in the six months to October 31, 1986 with pre-tax losses totalling £392,000, as against a profit of £171,000 last time. There is no interim dividend.

The board said the poor result substantially reflected a contraction in gross profit margins, delays in sales of completed developments due to poor investment demand, and an increase in overheads. Full year results are not expected to be materially different from those now reported.

The board added that it intended to get the company back to a proper level of profitability and would review the question of a final dividend after production of the year end accounts.

In the year ended April, 1986, the company made a pre-tax profit of £722,000 and paid dividends totalling 8.5p.

At the time of the annual meeting, the progress of the various retail development schemes led the company to expect improved results this year. However, in the light of the current experience, the directors said it felt it appropriate to take a cautious view of the future.

The company had therefore made full provision for potential abortive fees, costs and losses in respect of a number of projects where planning applications and appeals were outstanding.

In addition, the default of a purchaser of a property in Denver, Colorado, had necessitated a provision of £15,000.

Mersey Docks at High Court

SHARES in the Mersey Docks and Harbour Company were suspended and then restored yesterday while a decision was announced in the High Court on the company's disputed compensation claim with the Merseyside Development Corporation.

The company owned a piece of land in the South Docks which the MDC acquired via a compulsory purchase order and the two parties have since been in dispute over the purchase price.

Yesterday, a land tribunal announced in the High Court that the acquisition consideration should be £3.09m. Mersey Docks said that the result was disappointing.

Jamesons jumps

AFTER ITS usual loss in the first half, Jamesons Chocolates turned in a pre-tax profit of £550,000 for the year 1986. That represented a 72 per cent jump over the £320,000 of 1985.

And trade in the early weeks of the current year was encouraging, reported the directors.

Turnover in 1986 rose only 8 per cent, from £8.8m to £9.5m.

After tax £191,000 (£110,000) the net profit worked through at £359,000 (£210,000) for earnings of 13.8p (8.1p).

Confusion over Ultramar stake

BY TERRY POVEY

THERE WAS confusion yesterday over the fate of a 4.9 per cent stake in Ultramar held jointly by two New Zealand investment companies.

Market sources and news agencies in New Zealand reported that Admetus, a company jointly formed by Rainbow Corporation and Equiticorp, had sold the major part of its holding in the UK independent oil company. The Brierley Group, which is at loggerheads with Rainbow in New Zealand, has a 13 per cent stake in Ultramar.

An executive in Rainbow's London office, however, said yesterday that the agency story was untrue and that all Admetus had done was to inform Ultramar that its stake was now below 5 per cent.

Admetus first announced a shareholding in Ultramar on October 1, when it reported having spent £17m building up its initial 4.9 per cent stake. Through October and November, Admetus added to its holding reaching a peak level of 6.8 per cent or 18.9m shares for a total investment of £26.6m.

Since late November, Admetus has sold at least 5.3m Ultramar shares for some £10.6m. In the last two weeks the oil company's shares have risen strongly on takeover speculation. Last night they closed up 25p at 236p. Brokers close to the UK end of the Brierley group say that they have not participated in any major purchases of Ultramar shares from the Rainbow group.

In New Zealand, Mr Ron Brierley's master company and Rainbow are locked in a bitter battle over the planned merger between Rainbow and Progressive Enterprises, a supermarket chain, which would if completed lead to the creation of a new company to be called Astral Pacific. Yesterday Mr Allan Hawkins, chairman of both Rainbow and Equiticorp, claimed that the Brierley group was deliberately trying to frustrate the agreed merger.

The Brierley group commented that the pricing of the share swap involved in the merger was only half what Progressive is worth and that it did not think the proposal was soundly based.

Maclellan shares jump on bid news

Shares in P. & W. Maclellan, an agricultural hardware supplier, rose 18p to 83p yesterday after it announced it was holding talks about a possible takeover.

The company said the approach, from another quoted company, was not unwelcome. And added that a further would be made as soon as possible.

In the first half of 1986, Maclellan reported a pre-tax profit of £188,000 (£258,000) on a turnover of £5.84m (£5.36m).

It has 9.2m shares issue giving a market capitalisation of £6.81m. Net assets are valued at about £5m.

Bryson Oil and Gas

Bryson Oil and Gas has acquired a further 440,000 shares in Cenergy Corp, a US oil and gas company, to add to the 842,000 shares purchased three weeks ago for $5.4m (£3.4m).

Cenergy, in which Bryson now has a 13.1 per cent stake, reported a net loss of $6.6m for 1986.

Thomson T-Line

Thomson T-Line has announced that its offer for Taddale Investments has been accepted by holders of 82.46 per cent of Taddale shares.

The offer of one new Thomson share for every 32 Taddale is being extended to April 2. An extraordinary general meeting to approve the acquisition will be held on Monday.

Pacific Sales shares jump as chairman sells holding

BY NIKKI TAIT

SHARES in Unlisted Securities Market company, Pacific Sales Organisation, which imports and distributes small leather goods from China, jumped from 60p to 150p yesterday as over one third of the company's shares changed hands.

Former PSO chairman, Mr Leo Kalisch, has sold his entire 24.4 per cent stake in the business to a concert party, comprising Mr Peter James, Mrs Pamela James, Mr David Ellingham and Mr Tony Berry.

Mr James and Mr Ellingham are both directors of WSL Holdings, the former Wolverhampton Steam Laundry which was turned into a specialist tour operator three years ago.

Mr Ellingham was also a founder director of the highly-successful Blue Arrow, where Mr Berry is chairman and chief executive.

Mr James will become non-executive chairman of the group, and Mr Ellingham, a non-executive director.

A second PSO director and deputy chairman, Mr Max Jochnowitz, also sold 600,000 shares—just under two-thirds of his holdings—and is also resigning.

Half the shares were placed by BZW at 45p each with a variety of investment institutions. The rest have been sold to Mr Peter Knapton, a director of Guinness Mahon Investment Management.

PSO recently reported a fall in first-half pre-tax profits at £405,251 (£525,666) in the six months to end-December. At the current share price, the group is capitalised at £7.5m.

Unilever raises dividend by 1p following Budget

Unilever has increased its final 1986 dividend by nearly 1p per UK share because of the reduction in the basic rate *of income tax announced in* Tuesday's Budget.

The dividend on Unilever's Dutch shares is unchanged.

Pending approval at the annual meeting, shareholders will now receive a final payment of 36.17p to make a total of 51.16p for the year. This compares with a final dividend of 35.18p (total: 50.17p) announced earlier this month and comparable 1985 figures of 27.05p and 38.62p.

The change reflects the equalisation agreement between the UK and Dutch Unilever companies, which requires advance corporation tax payments in Britain to be treated as part of the dividend. Since the rate of ACT will be reduced before the June 2 payment date, the net UK dividend has been increased.

Armitage Bros doubles

MORE THAN doubled first half profits from Armitage Brothers, the pet food manufacturer, produced a strong reaction in the stock market, and the company's shares closed 40p higher at 170p.

Advance in margins from 4.6 to nearly 7 per cent and a substantial cut in interest charges combined to give a pre-tax profit of £572,000 for the half year ended December 13, 1986.

In the comparable period of 1985 the group made £246,000, and that increased to £453,000 by the year ended May 31, 1986.

With earnings advancing from 3.8p to 9.1p, the directors are declaring a net interim *dividend of 2p. Last year there was* a single 3.5p payment after adjusting for the share sub-division.

Turnover rose only 2 per cent to £9.77m, but the operating profit went ahead by almost 54 per cent to £676,000.

Evered keeps to L and N terms

BY NIKKI TAIT

Evered Holdings, acquisitive industrial conglomerate, yesterday emphasised that it did not intend to revise its £99m bid for London and Northern, construction, healthcare and energy group, in the light of the L and N board's proposed capital injection and demerger plan.

Evered also confirmed that purchases of a further 2 per cent of L and N's shares at 85½p, give it a 22.2 per cent stake.

London and Northern yesterday posted details of the clawback offered to shareholders concerning the Tace shares which it placed earlier in the week. The placing involved 1.44m shares, and cut L and N's interest in the company from 30.5 per cent to 11.25 per cent. The Tace shares will be available to L and N shareholders at 462.3p (including stamp duty) on a basis of one Tace for every 77 L and N held. Yesterday, Tace shares stood at 475p.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
Armitage Bros ......int	2	May 15	—	—	3.5
Ault & Wiborg	2	—	nil	nil	nil
Bankers Invest ......int	0.36	May 31	0.3*	—	1.43*
Enterprise Oil	5	—	5	8.5	8.5
George Ingham	1.5	—	1	2.25	1.5
Jamesons Chocolates...	4	May 13	3	6	5
Narborough ....int	0.5	—	0.5	—	1.5
Unilever	36.17	June 2	27.05	51.16	38.62
West. and Country int	nil	—	3	—	8.5

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1986/87 High	1986/87 Low	Stock	Closing Price p	+ or −	Net. Div.	Times Cov'd	Gross Yield	P.E. Ratio
§150	F.P.	—	180	160	Admiral Comp'ting 5p	179	......	u2.13	3.6	[illegible]	23.4
‖‖	F.P.	30/1	87	65	‡Avesco (Reg) 1p	80	......	L0.5	6.6	[illegible]	20.5
§215	F.P.	—	353	272	Barbour Index	340	−3	R4.0	3.1	[illegible]	37.7
‖‖	F.P.	—	63	37	‡Border TV	59	......	†g2.5	3.2	[illegible]	34.8
125	65	3/4	127	104	British Airways	123	+1	R6.0	2.4	[illegible]	10.4
125	F.P.	27/3	189	127	Capital Radio 10p	189	+2	w5.0	1.8	[illegible]	20.5
§110	F.P.	20/3	133	123	Dale Group 10p	130	......	R4.5	2.6	[illegible]	11.3
§125	F.P.	—	137	133	‡Forward Group 5p	135	−2	U2.2	3.2	[illegible]	18.1
§70	F.P.	27/3	92	80	‡Hewetson 10p	90	−1	R2.7	2.1	[illegible]	16.2
§250	F.P.	8/4	370	315	Hobsons Publishing 5p	365	—	U6.25	2.2	[illegible]	27.0
‖‖	F.P.	—	£12¼	£11¼	Huntingdon Int. 5p	£12¼	......	—	—	—	10.8
††	F.P.	—	130	115	‡Image Storage $0.01	115	......	—	—	—	—
§115	F.P.	16/4	146	133	‡JSB Electrical 20p	133	−2	L2.9	2.8	[illegible]	14.2
§120	F.P.	—	211	190	Mallett 5p	210	—	u3.0	3.1	[illegible]	22.5
§95	F.P.	—	135	108	‡Milsys 5p	131	......	R2.0	3.7	[illegible]	17.8
§100	F.P.	—	109	101	Paribas French Inv. Tst.	108	......	—	—	—	—
§180	F.P.	—	196	180	Perpetual 10p	196	+5	u2.5	4.5	[illegible]	16.9
120	F.P.	26/3	156	127	‡Prism Leisure Corp 10p	152	+2	R4.26	2.25	[illegible]	14.3
§95	F.P.	10/4	102	97	RCO 10p	101	......	L3.91	2.1	[illegible]	12.4
§20	F.P.	3/4	42	27	‡Regina Health 2p	37	−3	0.28	4.1	[illegible]	[illegible]
§100	F.P.	—	101	100	Renaissance Hldgs.	100	......	—	—	—	—
—	F.P.	—	34	25	Do. Warrants	34	+1	—	—	—	—
§100	F.P.	7/4	152	120	‡Sanders & Sidney 5p	141	......	R4.26	2.0	[illegible]	16.4
210	F.P.	24/4	255	238	Scandinavian Bk. Units	255	+3	u8.0	2.5	[illegible]	10.7
—	F.P.	—	111	97	Scot. Inv. Tst. Warrants	111	......	—	—	—	—
§90	F.P.	3/4	101	97	Sinclair Goldsmith 10p	100	......	R2.2	2.7	[illegible]	16.6
§135	F.P.	—	177	148	‡Thornton (G.W.) 5p	173	......	L3.75	3.80	[illegible]	12.2
—	F.P.	—	253	220	‡UTC Group	253	+3	‡u14.0	—	[illegible]	—
§130	F.P.	27/2	183	148	Viking Packaging 10p	176	......	u3.5	3.0	[illegible]	17.9
130	F.P.	16/3	141	137½	Wilson Bowden 10p	141	......	L3.4	3.0	[illegible]	[illegible]
§144	F.P.	—	191	170	‡Wood (J.D.) & Co. 10p	181	......	R2.5	3.6	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1986/87 High	1986/87 Low	Stock	Closing Price £	+ or −
‖	Nil	24/4	12pm	11pm	City Site Estates 7% Cnv. Uns. Ln. 2005/06	12pm	[illegible]
‖	Nil	3/6	19pm	13pm	DixonsGrpNon-int-brng.Cv.Un.Ln(£1)	13pm	[illegible]
‖	F.P.	13/4	58p	13½p	Hillards 6% Cnv. Red. Prf. £1	55p	[illegible]
§100	£50	15/5	60	41½	Mid-Sussex Water 11% Red Deb 2012-16	60	[illegible]
—	F.P.	—	100¼	100	Nationwide 10⅝% Bds. 15/2/88	100¼	[illegible]
—	F.P.	—	100¾	100	Do. 10½% Bds. 7/3/88	100½	[illegible]
§98.819	£20	11/9	23¾	20	TR City of Lon. Tst. 10¼% Deb 2020	23¾	[illegible]
§97.877	F.P.	1/4	106¼	100¼	TR Trustees Corp 10½% Deb 2016	100½	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1986/7 High	1986/7 Low	Stock	Closing Price p	+ or −
50	Nil	24/4	10pm	6pm	Allebone 10p	10pm	[illegible]
36	Nil	—	5½pm	1½pm	‡Pict Pet 'B' 5p	5½pm	[illegible]
205	Nil	—	19½pm	14pm	Turner & Newall £1	19pm	[illegible]
32	Nil	24/4	11pm	8pm	Widney 4p	11pm	[illegible]

Renunciation date usually last day for dealing free of stamp duty. a Annualised dividend. b Figures [illegible] on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on [illegible] capital. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. F Dividend [illegible] based on prospectus or other official estimates for 1986/7. H Dividend and Yield based on [illegible] other official estimates for 1987. L Estimated annualised dividend, cover and p/e based on [illegible] earnings. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official [illegible]. W Pro Forma Figures. r Indicated dividends; cover relates to previous dividend; p/e ratio based on [illegible] annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's [illegible]. ■ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ‖‖ Introduction. [illegible] of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation [illegible] takeover. ■ Allotment price. ‡ Unlisted securities market. †† Official London listing [illegible] warrants entitlement.

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UK NEWS

Budget limits on pension cash benefits criticised

BY ERIC SHORT

A BITTER attack on the Budget proposals which limit cash benefits from pension schemes was made yesterday by Mr Chris Hatry, director of pensions, Legal and General Assurance Society.

Speaking in London on the second day of the Financial Times conference on pensions — The Time for Action—Mr Hatry said Mr Nigel Lawson, the Chancellor was in danger of inhibiting the job mobility not only senior executives but of ordinary employees by his attempts to clamp down on pension tax abuses.

The proposal which would cause the most damage was that preventing employers paying the maximum cash sum of 1.5 times their final salary after 20 years' service.

He cited the example of an employee moving jobs with 20 years to retirement. He could have looked forward to the maximum cash sum at retirement from his new employer's scheme but under the new rules could expect only half that amount.

Mr Hatry felt the Chancellor's action was at variance with the overall government objective of improving job mobility.

He also felt the government's proposal would offset the opportunities in pensions offered by the 1986 Social Security Act.

The main subject discussed on the conference's second day was the responsibilities of trustees in the light of the 1986 Financial Services Act and other recent developments.

The lunchtime speaker, Sir Mark Weinberg, chairman of Allied Dunbar and deputy chairman of the Securities and Investments Board, explained the approach being taken toward regulating investment fields in the UK.

FT CONFERENCE

Pensions

He illustrated why a practitioner-based system, as introduced by the act, was proving to be the best approach to regulation. It enabled rules to be drawn up that would catch out wrong practices while not hampering legitimate market practices that worked well.

It also brought to the regulatory body the benefit of practical experience from widely different interests.

The present system may be far from perfect. But Sir Mark claimed it was better than any other system put forward.

In introducing the forum session, Mr Dryden Gilling-Smith, managing director Employee Benefit Services (EBS Management), warned trustees that they should not allow themselves to be brow-beaten or influenced by outside bodies.

In a forum session, other speakers discussed the various aspects of this theme.

Mr Tony Thurnham, a partner with solicitors Linkaters & Paines, spelt out the legal responsibilities of trustees in some detail, explaining their duties and how they should approach their discretionary powers. Trustees had to show a standard of care far higher than that required by a company director.

Mr Bruce Picking, audit partner with accountants Arthur Anderson & Co, discussed the disclosure requirements and their effect on trustee responsibilities.

Mr Arthur Selman, deputy director of the Securities and Investments Board, explained briefly the activities of trustees and pension scheme managers that would require authorisation. He reassured managers that they could go a long way in giving pensions advice to members without requiring authorisation.

Mr Gordon Ferguson, secretary of the staff superannuation scheme of British Coal, discussed the problems from a pension manager's viewpoint.

Pension scheme surpluses was discussed by Mr John Martin, senior partner in the consulting actuarial firm of R. Watson & Sons. He rejected media reports that surpluses amounted to millions of pounds.

He felt that most schemes were still comfortably within the limits laid down by the Finance Act.

He explained to delegates how they could use the surplus to bring pension rights in line with expectations, including adjusting pension increases for inflation.

SE to encourage physics teachers

BY RALPH ATKINS

THE Stock Exchange is to give 300 bursaries to 30 trainee physics teachers to encourage more graduates to enter the profession.

The money will be on top of £1,200 bursaries available from the Government for trainee teachers in shortage subjects which include physics.

The trainees will be sponsored by one of 11 companies participating in the scheme. When they begin teaching they will be paid to work for the company for a month during each of three summer holidays.

Sir Nicholas Goodison, Stock Exchange chairman, said the shortage of teachers in technical subjects had serious implication for industry.

Education and Science Department figures show there were vacancies for 150 physics teachers in England and Wales in January 1986 and that only 57 per cent of physics teachers had a degree in the subject.

Mr Kenneth Baker, Education Secretary, said the bursaries would be an incentive to graduates to apply for postgraduate certificate of education courses.

The scheme begins in September and will last for at least three years.

The 11 companies which will sponsor teachers are: BAT, British Telecom, Courtaulds, Ferranti, GEC, GKN, ICI, Plessey, Racal, Vickers and Wellcome.

CONTRACTS

Railway work for Tilbury

Contracts totalling over £7.75m have been awarded to the TILBURY GROUP.

British Rail has placed four contracts including internal and external works to a depot in Ley Street, Ilford, and replacement of the deck and piling at Goole Swing Bridge, Humberside. Other orders include, work at Golders Green Underground Station; remedial works to windows and external elevations for 582 homes for Basingstoke and Deane Borough Council; construction of an administration building and hardstanding for the fuel depot at Luton Airport for Esso Petroleum; demolishing a road bridge over a disused railway line, reconstructing bridge beams and deck widening existing abutments at School Lane Bridge, Didsbury, for Manchester City Council. Other projects include a foul waterf sewer system at Darlaston, for Walsall Borough Council; a sewage and storm water pumping station at New Earswick for the Yorkshire Water Authority; a carriageway and underpass on the Northern Expressway at Warrington; and external paving landscaping, fencing and other external works to Sea Containers House, Upper Ground, in London. Other projects include erection of sign gantries across the M23/M25 at Merstham Interchange for Surrey County Council on behalf of the Department of Transport; a concrete causeway in a flooded lock and a road over Prestons Road Causeway for the London Dockland Development Corporation in association with the London Borough of Tower Hamlets. The company is building 22 homes in Chestnut Avenue for Exeter City Council and building 31 elderly persons' flats, warden's flat, community room, laundry and other utility areas in a two-storey block at Liskeard in Cornwall for The Royal British Legion.

Installing heaters at Scottish power station

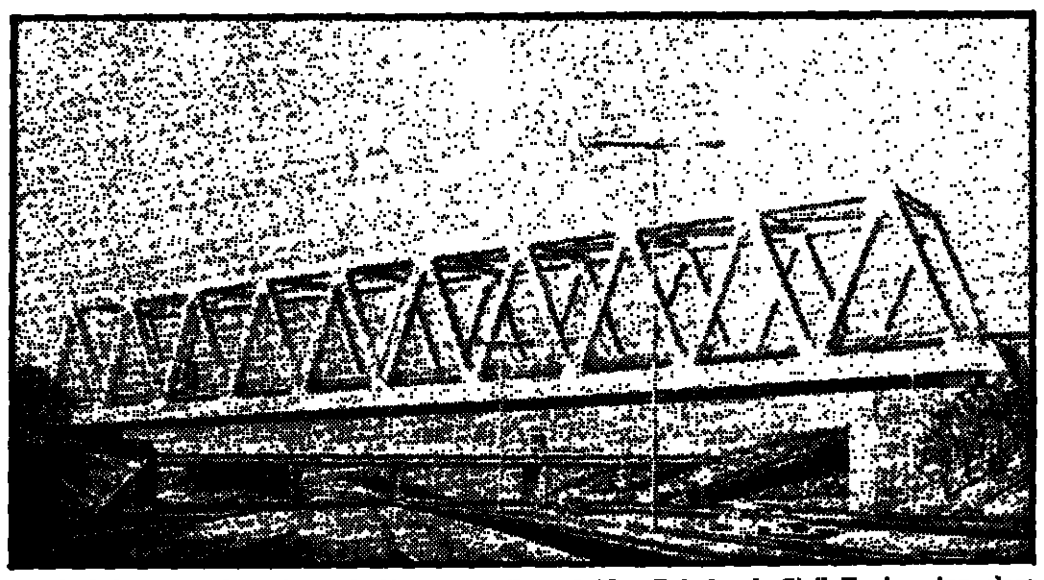
The Gateshead-based refurbishment and modification department of NEI INTERNATIONAL RESEARCH AND DEVELOPMENT CO, has won a £3m contract to manufacture and install tubular mill air heaters at Longannet power station in Scotland. This follows a similar order for air heaters at the same station which was awarded in November 1985 and has since been completed. The first contract covered two of the station's four 500MW boilers and the new contract covers the remaining two. A total of 32 heater modules will be produced, 16 for each boiler.

Orders worth £1.72m have been won by HELICAL REINFORCEMENTS of Sutton-in-Ashfield, Notts. The company is supplying reinforcing steel worth £750,000 to French Kier London for the Stansted Airport package 5000 contract. The reinforcing steel will be used in foundations, columns and concrete slabs. Alfred McAlpine Construction has ordered £450,000-worth of reinforcing steel for use on bridges, retaining walls, reinforced concrete manholes and subways on the M63; and placed a £625,000 order for bridge reinforcement on the A27.

Chelsea offices

A. E. Symes, a subsidiary of the JOHN WILLMOTT BUILDING GROUP, has a contract worth about £1.5m from Woodlane Properties for a three-storey office block development, including a flat and a four-storey house at Ives Street, Chelsea. John Willmott has been awarded a contract worth about £1.5m by Luton Borough Council for building 65 houses at Lewsey Farm, Luton. John Willmott North London, has a £1m contract from Cadogan Estates for refurbishment of three five-storey properties into 13 luxury flats at Draycott Avenue, south-west London.

John Willmott Construction has a £330,000 contract from Heffer Booksellers for alterations and refurbishment to Rustate House (Camtec Centre), Cambridge.



Artist's impression of the 2,600 tonne railway bridge Fairclough Civil Engineering plans to slide into place over the new Brinnington-Denton section of the M66 near Manchester. Currently under fabrication off site, the 120 mre long ten-bay steel bridge will be positioned over the Motorway in early 1988 to carry the Romiley Junction to Reddish Junction railway line. It forms part of a £21.6m Department of Transport contract awarded to Fairclough's northern division for the construction of 3.3km of duel three-lane motorway, with eight major structures in steel and concrete, plus retaining walls, crib walling, and sign gantries. The 130-week project has been scheduled for completion in the late summer of 1988.

APPOINTMENTS

Senior post at ScanBank

Mr Gunnar Tufte has joined the SCANDINAVIAN BANK GROUP as a deputy managing director. He will be responsible for the co-ordination of the group's Norwegian business world-wide. Mr Tufte was managing director of Bergen Bank Asia in Singapore and joined Scandinavian Bank Group in February.

★

AIRTOURS, Lancashire-based tour operator, has appointed Mr Michael Bishop and Mr Eric Sanderson as non-executive directors. Mr Bishop is chairman and controlling shareholder of British Midland Holdings, parent company of British Midland Airways, Manx Airlines and Loganair. Mr Sanderson is a director of British Linen Bank and head of its corporate finance department.

★

Mr Keith Cameron has been appointed personnel director of STOREHOUSE, a retail group which includes BhS, Habitat, Mothercare, Heal's and Richards. He was formerly personnel director of Curry's. The new position is not a board appointment. Mr Ian Phillips has been appointed group chief accountant. He was group management accountant.

★

HUGIN GROUP has appointed Mr Peter G. Trowell as group finance director. For the past two years he has held the appointments in London of group finance director of Hartley Investment Trust and Illingworth, Morris. Hugin Group is the London-based holding company of Hugin Sweda International.

★

Mr Steven G. Mills is to join BROMSGROVE INDUSTRIES as chief executive from May 31. He is a former partner in KMG Thomson McLintock and currently group finance director of Caparo Industries, where he will continue as a non-executive director when he joins Bromsgrove.

★

HASLEMERE ESTATES has appointed Mr Deryk Vander Weyer as a director. He was executive deputy chairman of British Telecom from October 1 1983 to September 30 1986, and was previously group deputy chairman of Barclays Bank. He remains a director of Barclays Bank and was appointed a director of the Bank of England in March 1986. He is also a member of the board of banking supervision.

★

The FRONTSOURCE GROUP, new owner of Birmingham-based Carlyle Works, has confirmed the appointment of the existing management team as company directors. Under the chairmanship of Mr Michael Wailing the board will comprise: Mr Robin Westbrook (managing), Mr John Turton (financial), Mr Neil Bottrill (manufacturing), Mr Barry Childs (parts), and Mr Chris Jones (sales and marketing). Mr Wailing joined the company following National Bus Company's acceptance of the Frontsource bid for Carlyle and seven other smaller engineering subsidiaries.

★

THE BRITISH LINEN BANK has appointed Mr Duncan Thompson to the board of British Linen Assets, the bank's property development subsidiary. He joined the bank in 1979 and became chief accountant in 1981. He is an assistant director of the bank.

★

ENGLISH ESTATES NORTH has appointed as chairman Mr J. C. (Euan) MacFarlane, vice-president UK operations of Cummins Engine Company Inc, of Darlington and a member of English Estates main board since 1980. He takes over as chairman from Mr Ron Norman, who has been appointed chairman of the Teesside Urban Development Corp. Mr Norman will remain on the board of English Estates North.

★

BURMAH OIL has appointed Mr Mahmood Ali Khan as chief representative in Pakistan. He succeeds Mr D. M. Keith, who retired at the end of February. Mr Khan is chairman of Pakistan Petroleum and a director of Pakistan Burmah Shell, Burshane (Pakistan) and other associate companies.

★

Mr Edward James Low has become the managing director of Staveley's subsidiary, BRITISH SALT upon the retirement of Mr Jeff Pether.

★

THE INSTITUTION OF STRUCTURAL ENGINEERS has appointed Professor John Dougill as its director of Engineering affairs. He is professor of concrete structures and technology in the department of civil engineering at Imperial College, London.

★

Mr Howard D. Goldring has been appointed a director of MIDLAND MONTAGU FUND MANAGERS. He will have responsibility for the team of portfolio managers investing UK pension funds and a number of unit trusts. He was with Provident Mutual Managed Pension Fund, where he was an investment manager for UK equities.

★

OCEANA ASSET MANAGEMENT, Ipswich, has appointed Mr Graham Goddard, a consulting actuary to its board as a non-executive director.

★

Michael Denchfield is appointed financial director of TOWNSEND THORESEN.

★

Mr John P. McQuaid has been apointed treasurer of TRAFALGAR HOUSE. He will be responsible for dealings in the money markets and foreign exchange market. Mr McQuaid joins from Sea-Land Corporation where he was director of international treasury operations.

BANK RETURN

BANKING DEPARTMENT	Wednesday March 18, 1987	Increase (+) or decrease (—) for week
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	82,488,761	− 243,606,958
Bankers Deposits	1,134,747,669	+ 189,841,011
Reserve and other Accounts	1,469,980,731	+ 53,511,463
	2,701,770,161	− 254,484
ASSETS		
Government Securities	414,217,756	− 23,090,000
Advance and other Accounts	1,804,912,043	+ 250,988,806
Premises Equipment & other Secs	479,056,683	− 222,493,258
Notes	3,353,920	− 5,661,791
Coin	229,759	+ 1,759
	2,701,770,161	− 254,484

ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes in Circulation	12,546,646,080	− 4,338,209
Notes in Banking Department	3,353,920	− 5,661,791
	12,550,000,000	− 10,000,000
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	2,066,293,172	+ 103,480,488
Other Securities	10,472,691,728	− 113,480,488
	12,550,000,000	− 10,000,000

Veba share sale set at DM 2.5bn

BY HAIG SIMONIAN IN FRANKFURT

THE WEST GERMAN Government is to go ahead with the sale of its remaining 25.55 per cent stake in Veba, the energy and chemicals conglomerate, on Monday, according to Mr Gerhard Stoltenberg, the federal finance minister.

Veba shares will be placed at a net price of DM 250, meaning that the sale of the Government's 10.1m shares will raise about DM 2.5bn ($136.6m) instead of the DM 3bn once estimated.

The Government, contrary to some expectations, has not been deterred by the recent decline in West German equity prices culminating in a 47.8 point fall in the Commerzbank index on Thursday, or the repercussions of the alleged DM 480m foreign exchange fraud at Volkswagen.

"The authorities probably took the view that it would have done more harm than good not to go ahead," said one fund manager.

Veba shares recovered by DM 1.50 to DM 253.50 yesterday after falling by DM 6.50 on Thursday. The Commerzbank index rose 10.7 points to 1,644.5 as part of a technical rally.

"The decision has cleared the air a bit," said Mr Adrian Brundrett, an analyst at Citicorp in Frankfurt. "The market is quite happy to get the uncertainty out of the way," he added.

At a yield of over 6 per cent on the sale price, Veba shares should attract domestic institutions borrowing at between 3½ and 4 per cent.

The reaction of foreign institutions, which have a reserved 20 per cent stake in the placing, is less certain. "Every stop will be pulled to make sure this isn't a fiasco," said one overseas fund manager.

It is unclear whether the reduction in proceeds will affect government budgetary plans for the year, because it estimated raising some DM 3.3bn from privatisation.

Much of this would have come from the sale of its remaining 16 per cent share in Volkswagen, which would have raised about DM 1.6bn. The timing of that placing may now be in doubt as a result of the alleged foreign exchange fraud at the group, according to Mr Stoltenberg.

VW fraud team seeks help from Bundesbank

By Andrew Fisher in Braunsweig

STATE prosecutors investigating the fraudulent currency losses of up to DM 480m ($262m) at Volkswagen have called on the help of the Bundeshank.

A foreign exchange expert from the West German central bank in Frankfurt flew up to north Germany this week to assist the prosecutors based in Braunschweig, near the Volkswagen headquarters at Wolfsburg.

The State Prosecutor's office said it had asked the Bundesbank to assist its investigations, in which federal criminal authorities and prosecutors in Frankfurt are also working.

The Braunschweig Prosecutor's office, in the state of Lower Saxony, declined to give details of the inquiries launched early this month both within and outside VW, or saying how long they might last.

The car group, after disclosing the losses, suspended several employees in its currency departments and sacked Mr Burkhard Junger, the 39-year-old head of the foreign exchange department.

Mr Junger said yesterday that he was taking VW to court for wrongful dismissal.

Mr Junger, who has denied any involvement with the dealings that led to the losses, said he had talked with the State Prosecutor's Office.

He said the fraud was a complex one and would be hard to unravel. "They are working hard round the clock on this."

Mr Junger had already left VW *in January, and was to* take up a position with Bankers Trust in Frankfurt. His period of notice runs until end-September at VW. He said he had not heard recently from the US bank, *adding: "It looks bad."* He said he had a contract with Bankers Trust.

He confirmed that it was not VW's policy to hedge in the foreign exchange markets, where the group carried out over DM 80bn of dealings a year.

"The dollars come in and they are sold at once," he said. VW's currency department, which he said dealt with some 70 international credit institutes and had direct links with 13, "is organised like a bank and deals like a bank."

Record result at Kirin Brewery

BY YOKO SHIBATA IN TOKYO

KIRIN BREWERY, Japan's largest beer maker, improved its pre-tax profits by 8.2 per cent to Y79.3bn ($523.7m) in the year to January, a record performance which it attributed to lower material costs.

Net profits were Y33.34bn, up 7 per cent, on turnover of Y1,221.85bn, a more modest rise of 0.9 per cent. The annual dividend is being raised by a special Y2 payment to give Y9.5 a share in commemoration of the 80th anniversary of its founding.

Beer demand in Japan picked up last year, reflecting the declining popularity of Shochu low-priced distilled spirits. Kirin's beer sales in volume rose only 0.8 per cent, however —below the industry's average of 3.6 per cent. This followed aggressive marketing by its competitors. Sapporo (up 9 per cent) and Asahi (up 12 per cent). Kirin also failed to expand *its line of products* to cope with a shift in consumer preference towards canned beer.

A bad Japanese wheat crop in 1985 brought the ratio of expensive domestic wheat to the total amount used down to 19 per cent last year from 23 per cent. Japanese brewers are forced by the Government to use domestic wheat, whereas imports can cost as little as a quarter of the local equivalent. The effect of the yen's appreciation and falling international market prices reduced the total cost by up to Y10bn.

For the current year, Kirin estimates industry-wide beer demand to grow about 2 per cent. Its own sales are expected to rise 2.3 per cent to Y1,250bn as it intends to introduce new products and step up marketing. Pre-tax profits are projected at Y81bn, up 2 per cent, with net *profits at Y34bn, up 1 per cent.*

The annual dividend will return to Y7.5 a share.

Komatsu profits fall 33%

BY OUR TOKYO STAFF

KOMATSU of Japan and its worldwide construction machinary companies suffered *a 32.9 per cent drop in net* profits to Y14.7bn ($97.1m) last year, on turnover down 0.9 per cent at Y788.73bn.

Consolidated net earnings per share were Y17.68 compared with Y26.49.

Sales of construction machinery fell 7 per cent to account for 72 per cent of the total turnover. Komatsu said domestic demand for small equipment remained steady in urban civil engineering and housing related areas, thanks to increased spending on public works. However, demand for medium and large equipment fell.

Overseas, the company launched new lines of construction equipment, but its sales declined in the US where the effects of the yen's strength *were severely felt.*

Sales of metal forming machinery enjoyed a 73 per cent jump to Y84.6bn to account for 10.7 per cent of all turnover. Sales of components and products with electronics applications fell *4.4 per cent to account* for Y136.5bn.

Overall, domestic sales improved by 2 per cent to Y420bn while, overseas sales fell 5 per cent to account for 46.8 per cent of the total.

For the current year, Komatsu foresees a difficult environment but projects net profits of Y15.5bn, up 5.4 per cent, on turnover of Y800bn, a gain of 1.4 per cent.

DBS broking unit seeks HK licence

By Steven Butler in Singapore

DBS SECURITIES, a wholly-owned subsidiary of Development Bank of Singapore, has applied for a licence to establish a stockbroking operation in Hong Kong.

This would make the first overseas expansion of a Singapore broking company owned by one of Singapore's big four banks, which include DBS, Overseas Chinese Banking Corporation, United Overseas Bank, and Overseas Union Bank. The banks were allowed to purchase seats on the Stock Exchange of Singapore in late 1985, when they agreed to fund a S$180m (US$84m) lifeboat designed to bail out broking houses during a crisis in the market.

DBS Securities, whose parent bank is largely government-owned, has been the most aggressive of the bank securities houses. DBS Bank has underwritten the recent flotations of several government corporations.

DBS officials were quoted saying they expected the licence would be approved next month, so that operations could begin in May. The Hong Kong company would have initial paid-up capital of HK$10m (US$1.3m) and would start with a staff of about 10.

Elsevier lifts income 21%

ELSEVIER, the Dutch publishing company, boosted net income by 21 per cent to Fl 123m ($59m) in 1986 from Fl 101m the year before following improvements in all divisions except popular book publishing, writes Laura Raun in Amsterdam.

Sales edged up only 3 per cent to Fl 1.57bn from Fl 1.53bn, the company said in a brief statement. Elsevier also said it would carry out a five-for-one share split on May 5.

An unchanged dividend of Fl 4 a share for 1986 was announced.

The company, which is based in Amsterdam, expects to lift its profits again this year. The book division is being pruned to make it more profitable.

Elsevier publishes newspapers, magazines, books and scientific journals. It is one of the largest publishers of English language scientific journals in the world and is expanding rapidly in the US.

Fleet Financial faces Connecticut divestiture

FLEET FINANCIAL said it might have to sell its First Connecticut Corporation subsidiary as a result of its proposed $1.3bn acquisition of *Norstar Bancorp*, Reuter reports from Providence.

Under Connecticut banking law, New England-based bank holding companies such as Fleet are not allowed to operate Connecticut banks if they merge with companies from outside the region. Norstar is based in Albany, New York.

First Connecticut has assets of about $2bn.

Fleet said it will seek to have the Connecticut law *amended to allow it to retain* First Connecticut, which is based in Hartford.

Bank Vontobel raises dividend

BY JOHN WICKS IN ZURICH

BANK VONTOBEL, the Swiss bank, is raising its dividend from 15 to 16 per cent following a 40 per cent jump in net profits to SFr 20.9m ($13.7m) from SFr 14.9m.

Vontobel Holdings, the bank's parent which went public last June, is also likely to increase its dividend at its first public shareholders meeting this coming June, according to Dr Hans-Dieter Vontobel, management chairman of the company which is still controlled by the Vontobel family.

The sharp improvement in the bank's profits last year was the result primarily of an increase in net commission income from SFr 73.5m to SFr *99.9m. This itself reflected the* bank's marked growth in securities business.

Elsewhere, total earnings from trading in securities, foreign exchange and precious metals were up from SFr 24.6m to SFr 31.1m.

Bank Vontobel's balance-sheet total rose to SFr 1.14bn *from SFr 880.6m.*

Dr Vontobel expects a "quantitively more difficult year" in 1987. With increased personnel, a high level of investments and a probably rather lower stock exchange turnover, he forecasts unchanged commission income. Results of the two first months, however, were "gratifying and we are currently well above budgeted targets."

Vontobel Holding has re*cently been strengthening group* activities in the field of global portfolio management and *specialised brokerage, he said* in Zurich yesterday.

Apart from expanding international research facilities at the New York subsidiary, Vontobel USA, the parent had just set up a Zurich-based company called Vontobel Securities. This was to be responsible for expanding securities business with American institutional investors.

Another new subsidiary is Vontobel AG fuer Partizipationen, which will supply provisional support and financial aid for companies not yet ready to enter the capital market.

At the same time, Vontobel Holding has joined the Pargesa/Paribas group and a number of Swiss industrial companies in *setting up Swipar Holding. This* will carry out similar operations on an international basis.

Ian Rodger on Shearson Lehman's potential big new shareholder

Nippon Life plugs into Wall Street

NIPPON LIFE Insurance, which revealed this week it is contemplating buying a 13 per cent stake in Shearson Lehman, the US investment bank, is Japan's largest insurance company, with assets in excess of Y15,000bn ($99bn). It is also ranked as the third largest in the world after Prudential Insurance of the US and New York-based Metropolitan Life.

In Japan, it towers above its rivals, with assets that are 50 per cent greater than the second largest life company, Dai-ichi Mutual Life. Nissei, as thre group is known in Japan, has 72,000 sales representatives operating from nearly 2,000 branches.

Its interest in Shearson Lehman derives from its status as an institutional investor. Nissei, a mutual company, is the largest investor in Japan. About 46 per cent of its assets are in the form of loans, mainly to industrial companies, and 36 per cent in securities. The company owns roughly 3 per cent of the total of all companies listed on Japanese stock exchanges, and is the largest shareholder in many leading companies.

In the past few years, as the Japanese authorities have liberalised the financial markets, Nissei has been quick to expand its investments overseas. It made its first inxestment in the US stock market *in 1971*, and by March 1986 its foreign securities portfolio had grown to Y1,134bn, some 8.9 per cent of its then total assets of Y12,603bn and a quarter of its total securities portfolio. It has also played a prominent role in the international yen syndicated loan market.

The rapid build-up of foreign investment continued last year. According to one recent estimate, Nissei's foreign bond portfolio alone is now about 30 per cent of its total securities portfolio. The company has also been prominent among Japanese institutional investors buying US real estate lately.

Last July it committed an *estimated Y20bn to a commercial* building project in Dallas, in co-operation with Equitable Life of the US. In November, it bought a 50 per cent stake in Crocker Center in San Francisco for an estimated $140m. *Last month, it* joined Prudential Insurance in a 64-storey skyscraper project in Chicago.

Nissei officials said this week that they were interested in Shearman, a subsidiary of American Express, because they hoped to expand their investment operations in the US. The accord is subject to approval by the Japanese Ministry of Finance and the directors of American Express.

Nissei is not attached to one of the major industrial groupings in Japan, but is part of the Sanwa group of companies, built around the Sanwa Bank. Founded in 1889, it became the largest life assurance group 10 years later in terms of life assurance group 10 years later in terms of life assurance in force.

In the past year or so, in common with other Japanese life insurance companies, it has had a tough time handling the problems fo the rapidly rising yen. In 1985-86, the seven major life insurance companies wrote off a total of Y600bn on exchange losses on their foreign investments, and further write-offs can be expected this year.

On the other hand, combined premium income of the seven grew 19.6 per cent to Y11,571bn, partly because Japan's increasingly affluent consumers are using life assurance more and more for their savings.

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1986/87 High	1986/87 Low
METALS					
Aluminium					
Free Market c.i.f.	$1360/380	−15	$1325/1345	$1495/1515	$1150/1170
Antimony					
Free Market 99.6%	$2320/360	+20	$2675/2725	$2720/2780	$2250/2500
Copper-Cash Grade A	£928.6	−4.5	£972.5	£1028.5	£862.25
3 months Grade A	£900.75	−6.75	£99.75	£1059.25	£881.25
Gold per oz	$404.5	−0.25	$354.25	$439.375	$327.5
Lead Cash	£305.5	−3.5	£248.5	£376.5	£235.5
3 months	£299.5	−0.25	£256	£357.5	£241.25
Nickel					
Free market	170/190c	−4	187/207c	196/216c	158/177c
Palladium	$125.25	+0.75	$115.10	$151.00	$95.25
Platinum per oz	$522.25	−12.5	$428.60	$673.75	$342.50
Quicksilver (76 lbs)	$205/215	—	$233/243	$250/260	$115/19
Silver per oz	347.40p	−11.30	382.55p	462.10p	317.70p
3 months per o.z.	355.85p	−11.60	392.65p	466.20p	325.60
Tin					
Free market	£4,270/310	−10	†	£5800/6250	£5,420/450
Tungsten Ind	$47.08	—	$65.61	$69.74	$41.44
Wolfram (22.04 lb)	$46/50	—	$52/60	$56/63	$52/42
Zinc cash	£464.5	−11	£418.5	£632.5	£409
3 months	£452.25	−9.25	£430.75	£621.75	£419.25
Producers	$770/790	—	$650/670	$920	$650/670
GRAINS					
Barley Futures May	£113.85	+0.30	£116.20	£118.80	£96.60
Maize French	£142.50	—	£141.50	£154.00	£130.00
WHEAT Futures May	£118.85	+0.85	£118.50	£121.45	£98.30
SPICES					
Cloves	$3,375	−75	$4725	$4,850	$3,600
Pepper white	$5,350	—	$6500	$6,400	$4,600
black	$4,500	—	$4250	$4,800	$3,600
OILS					
Coconut (Philippines)	$355x	—	$262.5	$470	$200
Palm Malayan	$330y	+15	$265	$405	$197
SEEDS					
Copra (Philippines)	$240v	—	$190	$300	$140
Soyabeans (U.S.)	$136	−1.5	$221.5	$229.8	$136
OTHER COMMODITIES					
Cocoa Futures May	£1296.5	+1	£1428	£1,804.5	£1,264.5
Coffee Futures May	£1283	−4.5	£2445.5	£3,007.5	£1,264.5
Cotton Outlook A Index	62.75c	−0.35	51.85c	67.20c	36.35c
Gas Oil Fut. May	$146	−0.75	$143.5	$232.75	$90.75
Jute LJA BWC grade	$300	−25	$290	$326	$215
Rubber kilo	60.75p	−0.5	58p	68p	54p
Sisal No. 3L	$610	—	$595	$625	$590
Sugar (Raw)	$192x	−7	$176	$222.5	$115
Tea (quality) kilo	170p	−5	196p	202p	170p
(low med) kilo	85p	—	118p	136p	80p
Wooltops 64s Super	440p kilo	+5	416p Kilo	440p kilo	387p kilo

† Unquoted. (g) Madagascar. (y) May. (v) April. (x) April-May. (z) March-April.

LONDON MARKETS

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	832-4	−11	841/840
3 months	793-4	−5.25	805.5/795

Official closing (am): Cash 841-2 (831-3), three months 800-800.5 (796-7), settlement 842 (833). Final Kerb close: 794.5. Turnover: 30,375 tonnes.

COPPER

Grade A	Unoffic'l close £ per tonne	+ or −	High/Low
Cash	929-3	+8	931/917
3 months	900.5-1	+4	902/897

Official closing (am): Cash 919-20 (914.5-5), three months 898.5-9.5 (893-6), settlement 920 (915). Final Kerb close: 901.-5-2.

Standard			
Cash	863-5	−7	865/860
3 months	872-4	+5.5	870

Official closing (am): Cash 860-2 (849-50), three months 870-2 (863-5), settlement 862 (850). US Producer prices 66.50-70 cents a pound. Total Turnover: 34,975 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	305-6	−0.5	306.5/306
3 months	299-300	−0.25	300/299.5

Official closing (am): Cash 305.5-6 (307-7.5), three months 299.5-300 (300.5-1), settlement 306 (307.5). Final Kerb close: 300-300.5. Turnover: 4,500 tonnes. US Spot: 24-27 cents a pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	2340-5	+2.5	2355/2345
3 months	2362-4	−4	2370/2362

Official closing (am): Cash 2,345-50 (2,350-5), three months 2,368-70 (2,368-9), settlement 2,350 (2,355). Final Kerb close: 2,362-5. Turnover: 1,920 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	454-5	+1	—
3 months	452-2.5	+1	454/452

Official closing (am): Cash 453-5 (454.5-5), three months 453-4 (451.5-2), settlement 455 (same). Final Kerb close: 451.5-2. Turnover: 7,475 tonnes. US Prime Western: 37.50-44 cents per pound.

TIN

KUALA LUMPUR TIN MARKET—Close: 16.76 (16.82) ringgit per kg. Down 0.06.

GOLD

Gold rose just $¼ an ounce from Thursday's close in the London bullion market yesterday to finish at $404¼-404¾. The metal opened at $405¼-405¾ *and traded between a high of* $405½-406 and a low of $404-404¼. Trading was extremely dull with no incentive to open fresh positions ahead of the weekend.

GOLD BULLION (fine ounce)		Mar. 20
Close	$404¼-404¾	(£252¼-252¾)
Opening	$405¼-405¾	(£253½-254)
M'n'g fix	$406.00	(£253.204)
Aft'n'n fix	$404.45	(£252.860)

GOLD AND PLATINUM COINS		
Am Eagle	$416½-421½	(£260-263)
Mapleleaf	$417½-420½	(£260½-262½)
Kr'g'r'nd	$407-410	(£254-256)
½ Krug	$212½-213½	(£132¼-133¼)
¼ Krug	$107½-108½	(£67-67½)
Angel	$414½-417½	(£258¾-260½)
1/10 Angel	$40½-45½	(£25¼-28¼)
New Sov	$97-98	(£60½-61¼)
Old Sov	$97½-99	(£60½-61½)
$ 20 Eagle	$490-540	(£305½-337)
Noble Plat	$536-544	(£334½-339½)

SILVER

Silver was fixed 0.2p an ounce lower for spot delivery in the London bullion market yesterday at 347.4p. US cent equivalents of the fixing levels were: Spot 555.5c, down 1c; three-month 564.6c, down 1c; six-month 573.1c, down 1.3c; and 12-month 590.5c, down 1.6c. The metal opened at 348-350p (556¼-558½c) and closed at 343-345p (550-552c).

SILVER per troy oz	Bullion Fixing Price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	347.40p	−0.20	345p	−2
3 months	355.85p	−0.15	353p	−2
6 months	363.45p	−0.80		
12 months	378.80p	−0.75		

LME—Turnover: 20 (nil) lots of 10,000 ounces.
Three months final kerb 352-4p.

INDICES

REUTERS

Mar. 20	Mar. 19	M'th ago	Year ago
1527.4	1521.7	1577.0	1801.5

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Mar. 19	Mar. 18	M'th ago	Year ago
Spot	113.80	113.74	—	131.48
Fut	113.43	113.39	—	133.65

(Base: December 31 1931=100)

SOYABEAN MEAL

	Y'sterd'ys close £ per tonne	+ or −	Business done
April			
June	113.7-114.0	−0.10	114.5
August	115.5-116.0	+0.40	—
October	109.7-110.2	+0.20	—
Dec	112.2-112.5	+0.45	112.5-112.5
Feb	115.8-116.0	−0.20	116.0
April	117.0-119.0	−0.25	—

Sales: 76 (65) lots of 20 tonnes.

COFFEE

With lack of fresh fundamental news Robustas posted gains on short-covering, reports Drexel Burnham Lambert. The early steadiness was not sustained as overhead trade selling and pessimism over possible consequences of this weekend's producer meeting in Managua weighed on the market.

COFFEE	Yesterday close	+ or −	Business Done
Mar	1267-1275	+18.5	1289-1266
May	1281-1285	+12.0	1304-1280
July	1297-1298	+21.5	1316-1290
Sept	1310-1315	+21.5	1334-1310
Nov	1340-1342	+17.5	1360-1335
Jan	1355-1365	+25.0	1386-1367
Mar	1375-1395	+30.0	—

Sales: 3,833 (3,472) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for March 19: Comp. daily 1979 99.33 (98.75); 15-day average 102.36 (103.67).

COCOA

Values traded within an £8 range and closed almost unchanged at the end of a dull day. Physicals were also largely neglected and only light second-hand interest was seen, reports Gill and Duffus.

	Yesterday's close £ per tonne	+ or −	Business done
March	1272-1273	−6.5	1277-1272
May	1296-1297	−1.0	1301-1294
July	1320-1321	−6.0	1328-1320
Sept	1341-1344	−2.0	1350-1345
Dec	1368-1370	−2.0	1375-1370
March	1392-1394	−2.5	1400-1392
May	1413-1414	−2.0	—

Sales: 1,354 (2,230) lots of 10 tonnes.

ICCO indicator prices (SDRs per tonne). Daily price for March 20: 1,587.43 (1,595.27); 10-day average for March 23: 1,593.14 (1,592.81).

POTATOES

After initial gains in April and May sellers emerged, especially in April, as the spread widened to £28.50. A recovery on the afternoon opening was short-lived and the key months closed near to the lows of the day, reports Coley and Harper.

Month	Yesterday's close £ per tonne	Previous close	Business done
Apr	162.90	166.40	166.50-162.50
May	189.40	190.00	191.00-189.20
Nov	94.00	95.00	94.00
Feb	103.50	109.50	—
Apr	126.50	127.80	127.00-126.00

Sales: 834 (969) lots of 40 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $192.00 (£120.00), up $3.00 (up £2.00) a tonne for April-May delivery. White sugar $204.50, unchanged.

No. 6 Contract	Y'sterd'ys close $ per tonne	Previous close	Business done
May	172.8-173.0	175.8-174.0	174.6-175.2
Aug	178.2-178.6	176.6-177.0	177.6-176.2
Oct	179.0-179.2	179.6-180.0	180.6-178.2
Dec	181.6-183.0	183.0-183.6	—
Mar	185.2-186.0	186.0-186.8	186.5
May	187.8-188.0	188.4-189.0	—
Aug	191.0-193.0	191.6-193.0	—

Sales: 1,362 (4,128) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £225.00 (£222.00) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for March 19: Daily price 7.53 (7.37); 15-day average 7.87 (7.86).

PARIS—(FFr per tonne): May 1272-1275, Aug 1300-1304, Oct 1323-1330, Dec 1350-1365, March 1380-1400, May 1420-1440.

US MARKETS

EARLY TRADE buying in crude oil futures steadied the market before fund-type selling emerged to depress prices in light volume, reports Drexel Burnham Lambert.

The market remained in a narrow range for the rest of the day, dominated by local trading and late position-squaring in the expiring April contract. Once again, gold and platinum futures were featureless, both markets dominated by local activity in quiet trading. In silver, however, fund selling touched off stops around the 558c level, basis May, to push prices lower. The locals also sold but as trade support emerged they covered. Copper futures rallied as technical buying by the commission houses touched off stops as the market penetrated overhead resistance. Selling was mixed, and late in the session, locals took profits. Coffee futures firmed on roaster and trade buying in the face of origin selling, profit-taking pared gains towards the close. Sugar fell on early commission house selling.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	Prev	High	Low
March	62.00	59.90	—	—
May	59.80	59.00	60.00	58.85
July	59.00	58.20	58.30	58.30
Sept	58.15	57.35	—	—
March	57.85	57.05	—	—
May	57.85	57.05	—	—
July	57.85	57.05	—	—

COCOA 10 tonnes, $/tonnes

	Close	Prev	High	Low
May	1944	1943	1957	1936
July	1941	1942	1950	1937
Sept	1961	1963	1968	1960
Dec	1989	1990	1996	1988
March	2023	2020	—	—
May	2043	2040	—	—

COFFEE "C" 37,500 lb, cents/lb

	Close	Prev	High	Low
March	103.95	103.50	—	—
May	104.84	104.68	106.45	104.60
July	107.00	107.09	108.55	106.90
Sept	109.30	109.50	110.75	109.20
Dec	112.64	112.55	113.75	112.00
March	113.50	113.01	115.50	114.75
May	114.00	115.01	—	—
July	114.38	116.50	114.06	114.01

COPPER 25,000 lb, cents/lb

	Close	Prev	High	Low
March	64.20	63.65	64.25	63.65
May	64.45	63.85	64.50	63.85
July	63.90	63.55	63.90	63.55
Sept	64.00	63.75	64.00	63.75
Dec	64.40	64.15	64.40	64.15
March	65.00	64.75	65.00	64.85
May	65.45	65.20	65.40	65.40
July	65.30	65.65	—	—
Sept	66.25	66.00	—	—

COTTON 50,000 lb, cents/lb

	Close	Prev	High	Low
May	57.57	56.50	57.90	56.70
July	56.12	54.72	56.30	54.90
Oct	54.50	53.50	54.70	53.70
Dec	53.72	52.67	54.10	52.85
May	54.60	53.35	—	—
July	55.00	53.80	—	—

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Latest	Prev	High	Low
April	18.72	18.60	18.75	18.43
May	18.34	18.36	18.39	18.23
June	18.00	18.11	18.15	18.00
July	17.83	17.87	17.94	17.77
August	17.67	17.72	17.78	17.65
Sept	17.60	17.63	17.65	17.55
Oct	17.60	17.59	17.60	17.60
Dec	17.60	17.58	17.62	17.60
Jan	17.62	17.58	17.60	17.60

GOLD 100 troy oz, $/troy oz

	Close	Prev	High	Low
March	405.6	405.3	404.8	404.8
April	406.3	406.1	406.7	404.8
May	408.3	408.2	—	—
June	410.6	410.4	411.0	409.0
August	414.9	414.7	415.3	413.6
Oct	418.7	418.5	418.4	418.4
Dec	422.7	422.5	422.9	421.1
Feb	426.7	426.5	426.2	426.2

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	Prev	High	Low
April	49.80	50.59	50.60	49.65
May	48.85	49.38	49.45	48.60
June	47.80	48.31	48.30	47.70
July	47.40	48.00	47.80	47.37
August	47.60	48.25	48.05	47.50
Sept	48.60	49.00	48.75	48.50
Nov	50.10	50.60	50.10	50.10

ORANGE JUICE 15,000 lb, cents/lb

	Close	Prev	High	Low
May	137.30	138.35	138.50	[illegible]
July	136.30	135.95	137.40	[illegible]
Sept	133.00	133.75	134.50	[illegible]
March	127.10	127.25	127.30	[illegible]
May	127.10	127.25	—	[illegible]

PLATINUM 50 troy oz, $/troy oz

	Close	Prev	High	Low
March	520.8	521.0	—	[illegible]
April	521.8	522.0	524.0	[illegible]
July	527.0	527.2	529.0	[illegible]
Oct	531.0	531.2	533.0	[illegible]
April	540.1	540.3	—	[illegible]

SILVER 5,000 troy oz, cents/troy oz

	Close	Prev	High	Low
March	554.3	557.3	558.5	[illegible]
May	558.5	561.8	561.7	[illegible]
July	564.7	568.1	567.5	[illegible]
Sept	571.0	574.4	574.5	[illegible]
Dec	580.1	583.6	583.5	[illegible]
Jan	583.4	586.9	—	[illegible]
March	589.4	593.0	593.0	[illegible]
May	595.9	599.5	593.0	[illegible]
July	602.7	606.3	607.5	[illegible]
Sept	609.4	613.0	—	[illegible]

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	Prev	High	Low
May	7.75	7.77	7.88	[illegible]
July	7.87	7.90	7.96	[illegible]
Sept	7.85	7.98	—	[illegible]
Oct	8.01	8.04	8.08	[illegible]
Jan	8.10	8.13	8.10	[illegible]
March	8.35	8.37	8.40	[illegible]
May	8.46	8.50	—	[illegible]
July	8.58	8.57	—	[illegible]

CHICAGO

LIVE CATTLE 40,000 lbs, cents/lb

	Close	Prev	High	Low
April	66.65	66.02	66.72	[illegible]
June	63.65	63.15	63.85	[illegible]
Aug	59.57	59.25	59.70	[illegible]
Oct	58.90	58.52	58.95	[illegible]
Dec	58.67	58.25	58.70	[illegible]
Feb	58.42	57.80	58.45	[illegible]
April	59.30	58.50	59.45	[illegible]

LIVE HOGS 30,000 lbs, cents/lb

	Close	Prev	High	Low
April	47.40	47.75	47.78	[illegible]
June	48.30	48.35	48.70	[illegible]
July	47.52	47.67	47.90	[illegible]
Aug	45.22	45.30	45.46	[illegible]
Oct	40.05	40.10	40.20	[illegible]
Feb	39.85	39.65	39.95	[illegible]
April	37.65	37.50	37.85	[illegible]
June	39.30	38.75	39.35	[illegible]

MAIZE 5,000 bu min, cents/56 lb bushel

	Close	Prev	High	Low
March	161.0	162.2	162.4	[illegible]
May	159.2	160.6	160.6	[illegible]
Sept	165.4	166.2	166.6	[illegible]
Dec	173.0	171.6	173.2	[illegible]
March	180.4	179.0	180.4	[illegible]
May	182.2	180.4	182.4	[illegible]

PORK BELLIES 38,000 lbs, cents/lb

	Close	Prev	High	Low
March	70.80	69.65	70.85	[illegible]
May	70.22	69.45	70.65	[illegible]
July	67.90	67.35	68.45	[illegible]
Aug	64.92	64.35	65.40	[illegible]
Feb	58.07	56.82	58.30	[illegible]
March	57.00	56.15	57.75	[illegible]

SOYABEANS 5,000 bu min, cents/60 lb bushel

	Close	Prev	High	Low
March	483.6	491.6	491.4	[illegible]
May	488.0	492.0	491.4	[illegible]
July	485.6	489.6	489.0	[illegible]
Aug	483.4	487.4	488.0	[illegible]
Sept	475.0	479.0	477.4	[illegible]
Nov	473.0	477.0	478.6	[illegible]
Jan	479.0	482.6	480.4	[illegible]
March	485.4	489.4	486.0	[illegible]
May	490.0	493.4	490.0	[illegible]

SOYABEAN MEAL 100 tons, $/ton

	Close	Prev	High	Low
March	139.5	142.0	142.9	[illegible]
May	139.1	139.8	139.5	[illegible]
July	138.3	138.8	138.5	[illegible]
Aug	138.1	138.7	138.3	[illegible]
Sept	138.1	138.2	138.3	[illegible]
Oct	137.0	137.5	137.0	[illegible]
Dec	137.5	137.7	137.7	[illegible]
Jan	138.0	138.0	139.5	[illegible]
March	139.5	139.7	139.5	[illegible]

SOYABEAN OIL 60,000 lbs, cents/lb

	Close	Prev	High	Low
March	15.38	15.57	15.55	[illegible]
May	15.54	15.89	15.73	[illegible]
July	15.88	16.15	16.05	[illegible]
Aug	15.99	16.26	16.18	[illegible]
Sept	16.15	16.40	16.30	[illegible]
Oct	16.23	16.43	16.40	[illegible]
Dec	16.50	16.70	16.65	[illegible]
Jan	16.47	16.67	16.80	[illegible]

WHEAT 5,000 bu min, cents/60 lb bushel

	Close	Prev	High	Low
March	291.6	292.4	292.4	[illegible]
May	281.4	284.2	284.0	[illegible]
July	260.2	261.0	261.2	[illegible]
Sept	260.2	261.0	261.0	[illegible]
Dec	266.0	266.6	266.4	[illegible]

SPOT PRICES—Chicago loose lard 15.00 (same) cents per pound. [illegible] and Harman silver bullion [illegible] (556.0) cents per troy ounce. New York tin 315-317 (same) cents per pound.

FREIGHT FUTURES

Following a strong opening the market rallied to make limit-up, 50 points up on the day, and recessed for 15 minutes. Thereafter, further buying was evident and levels rose a further 10 points before pre-weekend book-squaring depressed prices to mid-range on the close. Talk of Chinese interest developing and the recent Soviet charters were further bullish influences on the market. There was a record volume of 1,129 lots, reports Clarkson Wolff.

	Close	High/Low	Prev.
Dry Cargo			
April	1059/1040	1078/1025	1012
July	940	970/920	895/900
Oct.	990	1018/980	965
Jan.	970/975	980/965	950
Apr.	980	980	960/980
July	870	—	840
Oct.	940/950	955	900
Jan.	910	—	—
BFI.	946.5	—	924

Turnover: 1,114 (632).

RUBBER

PHYSICALS — The London market opened easier, attracted little interest throughout the day and closed inactive, reports Lewis and Peat. Closing prices (buyers): Spot 60.75p (60.60p); April 61.75p (61.50p); May 61.50p (61.25p). Kuala Lumpur fob prices (Malaysian cents a kilo): RSS No 1 226.5 (227.0); SMR 20 191.5 (193.0).

FUTURES—Index 587, April 650-660, April/June 656-666, July/Sept 659-669. *Sales: Nil.*

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 94.86p per kg lw (+0.30). GB—Sheep 206.22p per kg est dcw (+11.44). GB—Pigs 79.78p per kg lw (−1.77).

FUTURES—Pigs: April 99.20, Aug 95.10. Sales: 23. Live cattle: April 99.20, June 99.30. Sales: 3.

GRAINS

Old crop wheat, nearing expiry, firmed on nervous short-covering to *reach new highs on March* before easing sharply on long liquidation. Barley found shipper support throughout the day on both March and May. New crops attempted to ease, but rallied from early losses on good shipper buying, reports T. G. Roddick.

Mnth	WHEAT Yest'rdy's close £ per tonne	+ or −	BARLEY Yest'rdy's close £ per tonne	+ or −
Mar	118.70	−0.25	113.25	+0.10
May	118.85	−0.05	113.85	+0.05
July	120.80	+0.05		
Sep	99.55	−0.05	99.00	—
Nov	101.70		101.15	—
Jan	104.15	−0.05	103.65	—
Mar	106.65		105.70	—

Business done—Wheat: March 119.50-9.00, May 119.10, July 121.05, Sept 99.60, Nov 101.70-1.60, Jan 104.10, March 106.65. Sales: 231 lots of 100 tonnes. Barley: March 113.25, May 113.85-3.60, Sept, Nov, *Jan and March* untraded. Sales: 103 lots of 100 tonnes.

LONDON GRAINS—Wheat: US Dark Northern Spring No 1, 15 per cent: April/May/June 95.00. US No 2 Soft Red Winter: June 90.00, July [illegible]. French 11½-12 per cent: March [illegible]. English feed, fob: April 119.00 [illegible]. April/June 120.00-120.50 buyer/seller. Sept 102.00, Oct/Dec 105.00 [illegible]. Jan/March 109.25-109.75 buyer/seller. Maize: US No 3 Yellow/French transhipment East Coast, 2nd-half [illegible] 142.50. Barley: English feed, fob: March 115.00-116.00 buyer/sellers. Petsed May/June 118.00 seller. English/Scottish, 120.00 seller English.

HGCA — Locational ex-farm spot prices. Feed barley: Eastern 1[illegible], Scotland 112.00. The UK monetary co-efficient for the week beginning Monday March 30 (based on HGCA calculations using three days' exchange rates) is expected to remain unchanged at 1.257.

OIL

Brent prices opened slightly firmer and remained virtually unchanged for most of the day, offering little incentive to trade. April WTI opened 17c up on Nymex but traded only 2c [illegible] at 1.30 pm EST. The petroleum product markets were quiet—Petroleum Argus, London.

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)—April		
Arab Light	—	
Arab Heavy	—	
Dubai	16.85-16.95	[illegible]
Brent Blend	18.05-18.15	[illegible]
W.T.I. (1pm est)	18.55-18.60	[illegible]
Forcados (Nigeria)	—	
Urals (cif NWE)	—	
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	195-198	[illegible]
Gas Oil	145-149	[illegible]
Heavy fuel Oil	101-102	[illegible]
Naphtha	174-176	[illegible]

* April Petroleum Argus estimates.

GAS OIL FUTURES

Month	Yestrdy's close US $ per tonne	+ or −	Business done
Apr	147.50	+0.25	[illegible]
May	146.00	−0.50	[illegible]
June	143.75	+0.25	[illegible]
July	144.00	+0.50	[illegible]
Aug	146.00	+1.00	[illegible]

Turnover: 1,717 (3,886) lots of 100 tonnes.

HEAVY FUEL OIL

Month	Yesterday close US $ per tonne	+ or −	Business Done
Apr	100.50	+5.50	—
May	93.50	−0.50	95.50-93.[illegible]
June	93.75	—	93.75

Turnover: 70 (9) lots of 100 tonnes.

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WORLD STOCK MARKETS

هكذا من الأصل

WALL STREET

Dow over 2300 in brisk trading

STOCK PRICES continued to move higher in brisk trading on Wall Street yesterday, when investors shrugged off, at least for the time being, their concern about the Triple Witching Hour. Technology stocks, which attracted a number of recommendations, moved sharply higher.

There was a sense of caution because of the Expirations, one trader said, but there was also a sense of urgency not to miss out on a big move.

The Dow Jones Industrial Average moved above the 2300 level and, by 1 pm, Average was up 19.04 to a record 2318.61, making a rise of 31.68 on the week. The NYSE All Common index also moved to a new peak at $168.37, up $1.09 on the day and $3.06 on the week. Volume expanded to 134m (120.97m) shares.

"Everyone is happy right now," trader Larry Greenwald, of Sanford C. Bernstein, said, "but people remeber Triple Witchings where the day's activity is not indicative of the final hour when things begin to really happen.

"After Monday, when the market was sluggish, investors saw stocks move to new highs on Tuesday, Wednesday and Thursday, and that was encouraging," Greenwald said.

"People are pretty comfortable with the market right now. They are beginning to realise that Triple Witching is one event that influences the market for a short time, and they are looking through this one even and the long-term trends look pretty good and pretty intact," he added.

Technology issues staged a strong rally, aided by several recommendations on individual stocks.

NCR Corp rose $2¾ to $67⅛, aided by a reiterated recommendation and also favourable comments.

"There is growing belief that earnings estimates will turn out to be somewhat conservative," one analyst said, helping to explain the attractiveness of the group.

IBM gained $1½ to $148¼, Digital Equipment $1 to $166⅞ and Unisys $1⅝ to $107¼.

THE AMERICAN SE Market Value index rose 0.69 to 338.16, making a rise of 5.73 on the week. Trading volume 11.13m (10.74m) shares.

Wang led the actives with a gain of $⅜ to $16⅜—an analyst reiterated a recommendation, noting successful cost cutting efforts.

Closing prices for North America were not available for this edition

CANADA

Stocks moved further ahead in heavy midsession trading. Most stock groups gained ground, but some Oils posted sharp losses.

The Toronto Composite index rose 17.50 to 3,827.4. But Oil and Gas lost 28.1 to 4,078.2 and Golds 55.3 to 7,381.4.

Among the biggest winners, Macmillan Bloedel jumped $2¼ to $84½ on favourable 1987 earnings prospects.

Banks were again stronger on hopes that lower interest rates will boost profitability.

TOKYO

Mixed in heavy trade as no new buying themes emregd to coax investors back into the market.

The Nikkei Dow market average edged up 13.35 to 21,657.67, after vaulting in and out of minus and plus ranges all day. Declines led advances by a nine-to-eight majority in a turnover of 1.5bn (1.4bn) shares.

Securities, Railways, Warehouses, non-Ferrous Metals, Retailers, Houses, some Manufacturings, Gas, Real Estates and Steels gained ground.

Non-Ferrous Metals and some Electrical Cables were bought heavily as Japanese research into superconducting materials became a substantive market theme.

Brokers said Securities companies bought "cheap" large capitalisation Steels and Shipbuilding late in the day, increasing the volume of turnover.

Rubbers and Oils, which had enjoyed two days of sustained buying, fell on profit-taking.

Communications, Pharmaceuticals and Insurances fell.

HONG KONG

Sharply higher in active trading on strong buying interest with the market turning its attention to the Jardine Group.

The Hang Seng index climbed 59.27 to 2,780.55 and the Hong Kong index 38.57 to 1,784.17. Turnover HK$958.4m (HK$862m).

Buying in Jardine, up 90 cents to HK$24.3, emerged on speculation of details of HK Land's, up 30 cents at HK$8, spin-off of its Mandarin Oriental and Jardine Strategic stakes. HK Land warrants rose 50 cents to HK$7.55 and Jardine Strategic 50 cents to HK$12.90.

Properties also were sharply higher. Cheung Kong moved up HK$1 to HK$44.25.

SINGAPORE

Sharply higher on renewed buying in fairly active trading, with local and foreign institutions returning to the market.

The Straits Times Industrial index rose 20.08 to 1,051.95. Volume 32.8 (37.0m) shares.

Banks were strong, while Hotels, Properties and Commodities were firm.

United Motor Works, the most active stock with 3.3m shares changing, shed two cents to 79 cents. United Industrial Corp rose 30 cents to S$3.82 on 1.5m units, while Inchcape held steady at S$3.24 on 1.4m shares.

AUSTRALIA

Share markets closed at record levels for the second day running as strong support for Golds and scattered support for Industrials pushed markets upwards. But investors remained cautious ahead of Wall Street's triple witching hour.

The All Ordinaries index rose 3.6 to a record 1,652.2, All Industrials 2.6 to 2,578.2, All Resources 4.3 to 947.8, Oil and Gas 26.9 to 783.0 and the Gold index 10.7 to 2,306.9.

BHP, unchanged at A$11, dominated turnover as investors attempted for the last time to get a position in next week's gold float. A total of 4.8m shares were traded worth about A$50m.

Bell Resources and Elders IXL were also well supported.

GERMANY

Mostly firmer after quiet trading mainly characterised by bargain-hunting on technical considerations following Thursday's slump. Buying remained unenthusiastic after the sharp downturn.

Foreign investors were active on both sides of the market.

Blue chips saw Deutsche bounce back above DM 600 to end 9 higher at DM 605 ahead of the bank year-end results season.

Bayernverein improved DM 15 to 414—it begins the major banks' reporting next week. Dresdner rose DM 9 to 309, with Commerzbank DM 3.50 up at 254.50.

Nervousness, after the mass of rumours in recent sessions, faded into the background somewhat, allowing Daimler to strengthen DM 31 to 892. Porsche added DM 1 at 830 after an interim report that first half earnings 1986-87 were satisfactory, despite the burdens of the dollar's weakness.

In Retailers, Kaufhof regained DM 12 to 408.

SWITZERLAND

Domestic stocks further declined following some selling pressure from abroad, especially from London. Demand remained slack and prices went down on moderate turnover.

In Transports, all shares of Swissair closed sharply lower, its bearer being down Fr 40 at 1,180. Thursday it reported a 5.8 per cent drop in net profit and announced a cut in dividends to Fr 33 (Fr 38) per share.

PARIS

French share prices continued their firmer trend in active trading, boosted by new records on Wall Street and hopes of a further fall in French interest rates.

Advances led declines by a proportion of six-to-five.

NEW YORK INDICES

DOW JONES	Mar. 19	Mar. 18	Mar. 17	Mar. 16	Mar. 13	1986/87 High	1986/87 Low	Since Comp High	Since Comp Low
◆Industrials	2299.57	2248.44	2258.56	2267.34	2286.93	2299.57 19/3/87	1502.29 22/1/86	2299.57 19/3/87	41.22 2/7/32
Home Bnds.	94.94	94.71	94.88	94.85	94.87	95.51 9/2/87	83.73 14/1/86	—	—
Transport	945.86	930.47	936.32	943.56	936.41	958.21 6/3/87	686.97 (9/1/86)	958.21 6/3/87	12.32 8/7/32
Utilities	216.95	215.80	216.56	217.30	216.49	227.83 22/1/87	169.47 22/1/86	227.83 22/1/87	10.5 8/4/32

◆Day's High 2310.65 (2315.20) Low 2270.17 (2262.22)

STANDARD AND POOR'S	Mar. 19	Mar. 18	Mar. 17	Mar. 16	Mar. 13	1986/87 High	1986/87 Low	Since Comp High	Since Comp Low
Composite ‡	294.08	292.78	292.47	288.23	289.89	294.08 19/3/87	203.49 22/1/86	294.08 19/3/87	4.40 1/6/32
Industrials	337.03	335.55	334.88	329.41	331.35	337.03 19/3/87	224.48 22/1/86	337.03 19/3/87	3.62 21/6/32
Financials	31.06	30.93	30.91	30.59	30.91	31.51 6/3/87	25.18 22/1/86	31.51 6/3/87	8.64 1/10/74
N.Y.S.E. COMPOSITE	167.26	166.64	166.41	164.34	165.31	167.26 19/3/87	117.75 3/5/85	167.26 19/3/87	4.46 28/4/42
AMEX. MKT VALUE	337.47	337.04	335.24	331.18	332.43	337.47 19/3/87	240.30 (4/2/86)	337.47 19/3/87	29.15 9/12/74
NASDAQ OTC COMP.	437.0	435.16	434.78	430.85	431.97	437.0 19/3/87	325.01 (9/1/86)	437.07 19/3/87	54.87 3/10/7

DIVIDEND YIELDS	Mar. 13	Mar. 6	Feb. 27	Feb. 20	Year ago (approx)
Dow Industrial	2.96	2.95	3.01	3.00	3.60

	Mar. 11	Mar. 4	Feb. 25	Feb. 18	Feb. 11
S and P Industrial	2.53	2.55	2.60	2.58	3.08
S and P Ind P/E ratio	21.31	21.10	20.72	20.83	16.71

TRADING ACTIVITY

Volume † Millions	Mar. 19	Mar. 18	Mar. 17
New York	166.12	198.14	177.31
Amex	15.06	16.01	13.86
O.T.C.	150.95	160.92	153.92

New York	Mar. 19	Mar. 18	Mar. 17
Issues Traded	1,967	1,966	1,942
Rises	812	797	1,018
Falls	768	759	533
Unchanged	387	410	391
New Highs	121	157	99
New Lows	5	8	7

CANADA

TORONTO	Mar. 19	Mar. 18	Mar. 17	Mar. 16	Mar. 13	1986/87 High	1986/87 Low
Metals & Minerals	2639.0	2604.3	2584.4	2528.1	2574.9	2639.0 (19/3/87)	1817.4 (5/8)
Composite	3809.9	3780.9	3733.0	3672.9	3687.1	3809.9 (19/3/87)	2754.9 (17/2/86)
MONTREAL Portfolio	1902.6	1889.8	1859.1	1826.5	1831.5	1902.6 (19/3/87)	1386.8 22/1/8

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Colonial Tr.	3,111,400	10	—
Petrolaine	2,649,300	20¾	—
GCA	2,464,500	⅛	−1/32
Pan-Am	2,198,200	4⅜	−⅛
Merrill Lynch	1,815,100	45¾	+2½
LTV	1,797,100	2⅝	+⅛
Phillips Petrlm.	1,705,000	15⅜	−⅛
Oak Industs.	1,669,900	1⅞	+⅛
Salomon	1,661,300	41½	−⅛
Amer. Express	1,459,100	78⅝	+⅛

						High	Low
SPAIN Madrid SE (30/12/85)	228.87	230.68	230.66	231.52	255.85 (25/2/87)	100.85 (3/1/86)	
SWEDEN Jacobson & P (31/12/56)	2521.11	2540.81	2551.95	2507.27	2672.78 (7/1)	1729.57 (28/1/86)	
SWITZERLAND Swiss BankCpn (31/12/58)	578.5	585.6	588.8	587.8	619.8 (6/5/87)	487.2 (4/8/86)	
WORLD MS. Capital Intl. (1/1/70)	—	428.1	427.4	425.6	427.4 (18/3/87)	349.8 (23/1/86)	

** Saturday March 14: Japan Nikkei (c). TSE (c).

Base value of all indices are 100 except Brussels SE—1,000, JSE Gold—255.7, JSC Industrials—264.3, and Australia. All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

CURRENCIES & MONEY

FOREIGN EXCHANGES

Sterling little changed

THE POUND showed little overall change in currency markets yesterday but retained its firm undertone. Continued demand for UK Government bonds and equities and signs that the Conservative Party were favourites to win the next election provided underlying support. However dealers were content to square positions ahead of the weekend since the chance of central bank intervention to stop sterling rising too far could not be ruled out. In addition there was some uncertainty in the short term how much sterling would react to another cut in base rates

Sterling's exchange rate index finished at 72.2 up from 72.0 at the opening but down from 72.3 on Thursday night. Against the dollar it finished $1.6020 compared with $1.6035 and DM 2.9375 from DM 2.94. Against the yen it rose to Y243.0 from Y242.75 and SFr 2.4625 from SFr 2.46 but eased in terms of the French franc to FFr 9.78 from FFr 9.7850.

Dollar trading was extremely dull and featureless with the absence of any incentive resulting in the US unit staying within a very narrow trading range because of the fear of central bank intervention.

It closed against the D-Mark at DM 1.8340 from DM 1.8335 and Y151.65 from Y151.45. Elsewhere it ended at SFr 1.5365 from SFr 1.5345 and FFr 6.1050 from FFr 6.1025. On Bank of England figures, the dollar's exchange rate index was unchanged at 103.1.

D-MARK—Trading range against the dollar in 1986-87 is 2.4710 to 1.7870. February average 1.8234. Exchange rate index 147.2 against 141.5 six months ago.

There was no intervention by the Bundesbank at yesterday's fixing in Frankfurt when the dollar was fixed at DM 1.8305 compared with DM 1.8338 on Thursday. Trading was extremely quiet ahead of the weekend and the dollar remained within its recent narrow trading range. Dealers were left to speculate on the timing of an attempt to break out of the recent trading range with a majority agreed that the dollar's bearish undertone had not vanished but had just been put to one side for the time being.

JAPANESE YEN—Trading range against the dollar in 1986-87 is 202.70 to 151.30. February average 153.36. Exchange rate index 211.2 against 217.8 six months ago.

There was little overall change in rates in Tokyo yesterday and the dollar closed at Y151.55 compared with Y151.40 in New York and Y151.90 in Tokyo on Thursday. Dealers reported reasonable two-way business but there were signs that the dollar may again try to test the lower levels. Elsewhere sterling was again in demand with dealers unsure about whether the strength of the currency was sufficient to overcome fears of central bank intervention.

£ IN NEW YORK

Mar 20	Latest	Previous Close
£ Spot	1.6025-1.3035	1.5970-1.5980
1 month	0.48-0.45 pm	0.47-0.46 pm
3 months	1.24-1.20 pm	1.22-1.20 pm
12 months	4.03-3.93 pm	4.03-3.93 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

		Mar. 20	Previous
8.30	am	72.0	72.5
9.00	am	72.1	72.4
10.00	am	72.0	72.1
11.00	am	72.0	72.1
Noon		72.0	72.2
1.00	pm	72.0	72.2
2.00	pm	72.1	72.2
3.00	pm	72.1	72.3
4.00	pm	72.2	72.3

CURRENCY RATES

[illegible]

*CS/SDR rate for Mar. 19; 1.67061

CURRENCY MOVEMENTS

[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

OTHER CURRENCIES

[illegible]

* Selling rate.

POUND SPOT—FORWARD AGAINST THE POUND

Mar. 20	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5950-1.6025	1.6015-1.6025	0.48-0.45 c pm	3.48	1.27-1.22 pm	3.11
Canada	2.0910-2.0995	2.0960-2.0979	0.54-0.44 c pm	2.80	1.41-1.29 pm	2.58
Neth'lands	3.29¾-3.32¼	3.31¼-3.32¼	1⅝-1½ c pm	4.52	3½-3⅜ pm	3.99
Belgium	60.44-60.88	60.75-60.85	17-10 c pm	2.66	42-31 pm	2.40
Denmark	10.98¼-11.05½	11.04½-11.05½	⅝-1⅞ ore dis	-0.18	3½-4⅝dis	-0.26
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc 61.05-61.05. Six-month forward dollar 2.24-2.19 c pm 12-month 4.02-3.92 c pm.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

[illegible]

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 38.10-38.20.

EURO-CURRENCY INTEREST RATES

[illegible]

Long-term Eurodollars: Two years 6⅝-6⅞ per cent; three years 6⅞-7⅛ per cent; four years 7⅛-7⅜ per cent; five years 7¼-7½ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

[illegible]

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

MONEY MARKETS

London rates steady

INTEREST RATES showed little change in the London money market yesterday. The pound was slightly weaker overall and this tended to counter the market's desire to push rates even lower. While period rates were discounting another half point cut in base rates, there appeared to be little chance of the Bank of England sanctioning a cut for probably another week.

The authorities seemed sufficiently confident that the message had sunk in because a bulk of the day's shortage was taken out through sale and repurchase agreements. Such an arrangement is sometimes taken as a sign of encouragement and results in further downward pressure. The market's reaction in the afternoon was very restrained.

Three-month interbank money was unchanged at 9 11/16-9 9/16 per cent. The rate for weekend money opened at 10⅜-10¼ per cent and eased to 10-9¾ per cent on the early help before coming back at lunchtime to touch a high of 10⅝-10⅜ per cent. However late balances were taken at 8 per cent.

UK clearing bank base lending rate 10 per cent since March 18-19

The Bank of England forecast a shortage of around £950m with factors affecting the market including the repayment of late assistance and bills maturing in official hands together with a take up of Treasury bills draining £572m and Exchequer transactions a further £85m. In addition banks brought forward balances £15m below target and there was a rise in the note circulation of £280m.

To help alleviate the shortage the Bank offered an early round of assistance which totalled £728m and comprised outright purchases of £65m of eligible bank bills in band one at 9⅞ per cent and £38m in band two at 9 13/16 per cent. It also arranged sale and repurchase agreements on £625m of bills at 9 13/16-10 per cent, unwinding on April 7.

The forecast was revised to a shortage of around £1,050m before taking into account the early help and the Bank gave additional help in the morning of £31m through outright purchases of eligible bank bills in band two at 9 13/16 per cent.

The Bank amended the forecast once again, this time to a shortage of around £1,000m and gave further assistance in the afternoon of £186m through outright purchases of £186m of bills, £51m in band one at 9⅞ per cent and £135m in band two at 9 13/16 per cent.

Interest in the weekly Treasury bill tender remained keen with bids of £544m for the £100m of bills on offer. All the bills on offer were alloted and the minimum accepted bid of £97.725 was met as to about 70 per cent and above in full compared with £97.665 the previous week. The average rate of discount fell to 9.1104 per cent as a result, down from 9.2935 per cent previously.

FT LONDON INTERBANK FIXING

(11.00 a.m. Mar. 20) 3 months U.S. dollars		6 months U.S. dollars	
bid 6 9/16	offer 6 11/16	bid 6 9/16	offer 6 11/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

Mar. 20	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.75-3.85	3.90-4.00	3.90-4.00	3.90-4.05	3.90-4.05	5.0
Paris	7½-7⅝	7 11/16-7 13/16	7¾-7⅞	7⅝-7¾	7 13/16-7 15/16	7¾
Zurich	⅞-1⅛	4 3/16-4 5/16	—	3 13/16-4 1/16	—	—
Amsterdam	5 3/16-5⅜	5 7/16-5½	—	5 7/16-5½	—	—
Tokyo	3.78125	4.09375	—	4.03125	—	—
Milan	10½-11¼	10-10½	—	10⅜-10⅞	—	—
Brussels	7.95	7 3/16-7 7/16	—	7 3/16-7 7/16	—	—
Dublin	14¼-14½	14⅛-14⅜	13¾-14	13⅝-13⅞	12¾-13	—

LONDON MONEY RATES

Mar. 20	Overnight	7 days notice	Month	Three Months	Six Months	One Year
Interbank	10⅛-8	10 3/16-9 15/16	10 1/16-9⅞	9 11/16-9 9/16	9 7/16-9 5/16	9⅜-9¼
Sterling CDs	—	—	10-9 13/16	9 11/16-9 9/16	9⅜-9¼	9⅛-9
Local Authority Deposits	10	10⅛-10	9⅞	9½	9¼	9⅛-9 3/16
Local Authority Bonds	—	—	—	—	—	—
Discount M'ket Deposits	10¼-7	10	9¾	9⅝	—	—
Company Deposits	10⅛-10	10	10-9⅞	9⅝	9 5/16	9 3/16
Finance House Deposits	—	—	9⅞	9 7/16	9⅜	9⅛
Treasury Bills (Buy)	—	—	9 13/16	9¼	—	—
Bank Bills (Buy)	—	—	9 13/16	9 5/16	8 15/16	—
Fine Trade Bills (Buy)	—	—	10 13/16	9 13/16	9 5/16	—
Dollar CDs	—	—	6.50-6.45	6.35-6.30	6.35-6.30	6.50-6.45
SDR Linked Deposits	—	—	6 5/16-5 15/16	6⅛-5⅞	6⅛-5⅞	6⅛-5⅞
ECU Linked Deposits	—	—	7-6⅞	7-6⅞	7-6⅞	7 1/16-6 13/16

Treasury Bills (sell); one-month 9⅝ per cent; three-months 9⅛ per cent; Bank Bills (sell): one-month 9⅝ per cent; three months 9¼ per cent; Treasury Bills; Average tender rate of discount 9.1104 p.c. ECGD Fixed Finance Scheme IV reference date January 31 to February 27 (inclusive): 10.896 per cent. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11 per cent from March 1, 1987: Bank Deposit Rates for sums at seven days' notice 5 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 8 per cent; one-three months 8 per cent; three-six months 8½ per cent; six-nine months 8½ per cent; nine-12 months 8½ per cent; Under £100,000 8 per cent from March 18. Deposits held under Series 5 10¼ per cent. Deposits withdrawn for cash 5 per cent.

LONDON STOCK EXCHANGE

Government bonds and equities surge

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Mar 9	Mar 19	Mar 20	Mar 30
Mar 23	Apr 2	Apr 3	Apr 13
Apr 6	Apr 23	Apr 24	May 5

* New time dealings may take place from 9.00 am two business days earlier.

FINANCIAL TIMES STOCK INDICES

	Mar. 20	Mar. 19	Mar. 18	Mar. 17	Mar. 16	Year ago	1986/87 High	1986/87 Low	Since Compilation High	Since Compilation Low
Government Secs	92.04	91.90	91.83	90.89	90.07	81.24	94.51 (19/4/86)	80.39 (20/1/86)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	97.89	97.98	97.60	96.42	96.11	95.03	97.98 (19/3/87)	86.55 (28/1/86)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1,598.9	1,581.6	1,589.5	1,586.9	1,576.6	1,412.2	1,613.5 (3/3/87)	1,094.3 (14/1/86)	1,613.5 (3/3/87)	49.4 (26/6/40)
Gold Mines	362.4	350.4	344.3	341.4	338.3	312.0	362.4 (20/3/87)	185.7 (18/7/86)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.67	3.71	3.68	3.68	3.70	3.84				
Earnings Yld % (full)	8.48	8.59	8.54	8.53	8.59	9.13				
P/E Ratio (net) (*)	14.46	14.27	14.36	14.37	14.28	13.59				
SEAQ Bargains (5 pm)	57,786	51,952	52,571	39,866	49,571	—				
Equity Turnover (£m)	—	1,503.68	1,743.05	1,251.26	977.604	967.72				
Equity Bargains	—	63,380	59,410	53,698	56,290	43,472				
Shares Traded (ml)	—	—	625.5	486.9	424.9	371.2				

S.E. ACTIVITY

Indices	Mar. 19	Mar. 18
Gilt Edged Bargains	188.2	294.4
Equity Bargains	410.7	384.9
Equity Value	3,039.3	3,523.2
5-Day Average		
Gilt Edged Bargains	195.6	193.4
Equity Bargains	375.9	368.7
Equity Value	2,756.2	5,252.0

Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1590.4	1594.3	1594.7	1595.4	1595.5	1595.6	1595.8	1597.8

Day's High 1599.0. Day's Low 1589.9

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974. *Nil=13.92.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

The UK securities markets closed in a blaze of strength yesterday as cuts in domestic mortgage rates fanned expectations of an early election in circumstances favourable to the Thatcher Government.

With exporting stocks boosted by favourable comments on the pound by the UK Chancellor, the stock market advanced strongly to new peaks. Oil stocks stood out as the market moved into the new two week trading account.

Market indices closed at the day's best levels, with the FT-SE 100 26.5 higher at a new all-time peak of 2,017.5. The FT ordinary index added 17.3 to 1,598.9.

Government bonds extended their gains sharply after the 3.30 pm deadline passed without news of a new tap stock from the authorities. With little new supply in the market now, prices responded vigorously to strong demand from both domestic and overseas funds.

At the close, long dated issues were more than one point up, bringing yields down to 8.8 per cent on the 20 year issues.

With no tap stock available, and good news on both unemployment and inflation, the bond market appears well set to extend the gains of the past weeks.

In the equity market, the exporting stocks sharply reversed the losses suffered earlier this week, helped by a TV comment from the Chancellor that DM/pound rate was now "about right."

Helped also by a recommendation from Wood Mackenzie, **Imperial Chemical Industries** shares turned sharply higher. Also on the upturn were **Jaguar, BAT Industries** and **BOC**.

But the strong feature in late dealings was the oil sector, where US buying lifted **BP** and **Shell**, and brought a brighter trend in **Britoil** as the dividend was digested.

In pharmaceuticals, the star was **Wellcome**, which received approval from the Federal Drugs Administration for its anti-Aids product. **Glaxo**, although firm, again saw th spotlight shift away to its rivals.

Reports of a favourable reception for New York presentation by **Reuters** sent the shares moving ahead. And on the domestic front, **Guinness** responded to widespread speculative buying.

In the banking sector, **Schroders** rose 25 to 860 following comment on the results, while **Morgan Grenfell**, dull earlier in the week following a disappointing set of annual figures, rallied 12½ to 390p.

Insurances went higher with **Legal and General** 7 up at 306p and **Abbey Life** 8 to the good at 261p. **Sun Life** moved up ⅜ to £10⅜ and **Refuge** rose 15 to 487p.

Antique dealers **Mallet** staged a highly successful market debut; the shares, placed at 129p, opened 70p above that level at 190p and forged ahead to close at 219p, a first-day premium of 90.

Other Brewing issues were overshadowed by the increased activity in **Guinness**. The writs to recover £5.2m from ex-chief executive Mr Ernest Saunders and co-director Mr Thomas Ward caused momentary opening dullness but the shares soon moved ahead strongly to close 9 up on the session at 329p, after 332p. BAT Industries, Hanson Trust and BTR were the three principals mentioned as possible bidders. Elsewhere, revived institutional demand lifted **Bass** 5 to 929p while revived speculative interest helped **Vaux** gain 3 to 592p.

Leading Building issues gave a brighter performance with sentiment aided by the Abbey National and Halifax Building Society's decision to cut mortgage rates. However, housebuilder **Barratt Developments**, still overshadowed by the disappointing interim figures, eased 1½ to 182½p, but **George Wimpey**, annual results due soon, edged up 2 to 233p. Elsewhere, **RMC** found support at 829p, up 10, while **Rugby Portland Cement** moved ahead strongly to close 8½ higher at 227½p. **Blue Circle** were a shade dearer at 762p and **Tarmac** hardened 4 to 538p. Demand persisted for **Helical Bar** which firmed 55 more to 675p, a rise on the week of 125p. **John Laing** rose 9 to 503p, but speculative counter **Stanley Miller** encountered profit-taking and dipped 5 to 53p. **Bett Brothers** added a couple of pence to 108p as Miss Helen E. Bett increased her holding in the company to 1.528m shares.

Press comment citing a broker's view that the fall in **ICI** had been overdone prompted revived demand for the shares and the close was ⅜ higher at £13 1/16. Elsewhere in the Chemical sector, **Wardle Storeys**, a firm market in recent days, came back quite sharply to close 9 lower at 473p.

High Street retailers failed to benefit from the cuts in mortgage rates which should fuel the current boom in consumer spendin. Leading stocks were only fractionally higher although **Woolworth** managed a rise of 15 to 824p ahead of Tuesday's annual results. Mail Order concerns fared better with **Empire Stores** 16 up at 244p and **Freemans** 8 higher at 464p, the latter in front of Monday's preliminary statement. **House of Lerose** responded further to Thursday's good figures, rising 15 more to 211p, while **Alexon** moved up 18 to 282p. Press comment lifted **Mrs Fields** 8½ further to 222p. Casualties were few but included **Sumrie**, down 6 at 49p, and **Body Shop**, another 20 off at 710p. Still mirroring the breakdown in the talks with Woolworth, **Underwoods** fell to 209p before closing a net 3 down at 213p. In Shoes, **Headlam Sims** improved smartly to 65p, up 9.

Leading Electricals made modest progress, with **British Telecom** edging up a few pence more to 260p and **GEC** closing 5 to the good at 220p. **Cable and Wireless** rallied 8 to 353p on the company's decision to persist in its fight with the proposed Japanese telecom merger. Elsewhere in the sector, **Atlantic Computer** were good at 475p, up 22, while **G. H. Scholes** advanced 24 to 382p in a limited market, but **DBE**, reflecting the continuing delays in order placements, came on offer and fell 7 to 38p. **Comcap** put on 15 further to 475p and **Sarasota** were outstanding with a gain of 17 at 183p. **Lee Refrigeration** edged up a few pence to 300p in response to Press mention.

Leading Engineers made a late improvement, **Hawker** settling 12 to the good at 537p and **Vickers** 13 dearer at 496p. Elsewhere in the sector, **Glynwed** continued to make progress following Press mention and closed 6 better at 420p, while **Woodhouse and Rixson** edged up 3½ to 74p for a similar reason. Buyers showed interest in **Hill and Smith**, 7 to the good at 148p, while **IMI**, preliminary results due next Monday, edged up 3 to 314p. On the other hand, **Crown House**, still reflecting fading Coloroll bid hopes, gave up 10 more to 225p. Profit-taking clipped 8 from **Camford** at 139p.

Foods were selectively firm. **Cadbury Schweppes** put on 4 to 252p, while **Rowntree Mackintosh** rose 10½ to 499p. **United Biscuits** added a couple of pence to 280p on further consideration of the results and **Northern Foods** picked up 4 on 292p. Among Retailers, **Kwik Save** were supported and put on 6 to 274p, but **ASDA-MFI** shed 2 to 152p and **Tesco** shed a similar amount to 478p. Elsewhere, **Armitage Brothers** gained 40 to 170p in response to the more-than-doubled interim profits.

Among Hotels, **Trusthouse Forte** revived strongly and closed 8 higher at 231p.

Unsettled earlier in the week by the strength of sterling, most international stocks took a distinct turn for the better. **Glaxo** picked up ⅛ to £15½ and **Beecham** rallied to close 6 better at 557p. **Wellcome**, a depressed market over the past few days on fears of competition from Bristol-Myers, the latter is seeking permission to test an anti-Aids vaccine in the US this month, rallied smartly to close 39 higher at 497p following news that it had received offical approval from the US authorities for its Retrovir drug. Among the other anti-Aids related stocks, **London International** encountered a flurry of buying activity and advanced 18 to 306p. Elsewhere, revived investment demand left **Pilkington** 17 higher at 758p, while **Reckitt and Colman** also found buyers and improved 17 to 990p. **Consultants Computer**, still reflecting the good preliminary figures, gained 24 more to 266p, while US favourite **Reuters** gained 10 to 706p on talk of an overseas presentation of the company. **Keep Trust**, scheduled to reveal annual results next Wednesday, rose 22 to 287p, while **Hepworth Ceramic**, also expected to report preliminary figures on the same day, rose 5 to 224p. **Metal Closures** hardened 45 to 228p on the announcement that Suter had increased its stake in the company to 15.15 per cent. Revived speculative activity left **Morgan Crucible** 11 dearer at 335p, but **Parker Knoll** ran into fresh profit-taking and gave up 11 more to 565p. News of the bid approach prompted a rise of 18 to 83p in **P. and W. Maclellan**. **Williams Holdings**, still reflecting the better-than-expected annual results, gained 7 more to 745p. **Redfearn Glass** moved up to close 19 dearer at 473p and **Norank Systems** were noteworthy for an improvement of 8 at 187p. **British Aerospace**, preliminary figures due next Tuesday, rose 13 to 658p.

Television issues were buoyant behind an excellenut set of results from LWT. **LWT**, some 100p higher on Thursday, rose that amount again to close at 909p. **TV-am** jumped 49 to 373p and **Central** rose 26 to 591p in sympathy. **TVS** advanced 25 to 409p and **Yorkshire** 36 to 318p, while **HTV** gained 8½ to 350p.

Among Leisure issues, **Brent Walker** gained 22 to 419p on expansion hopes.

Jaguar emerged from a lean spell, aided by a recommendation from Stephen Reitman of securities house Phillips and Drew, and ended 11 higher at 574p. Component issues rarely moved although **Lucas Industries** eased 5 to 590p following withdrawal from the joint electrical vehicle venture with Chloride. Distributors failed to decide on a set trend with **Lex Service** rising 12 further to 394p and **BSG** gaining 7 to 5½p but **T. Cowie** falling 3 to 405p.

Vastly improved annual profits and a return to the dividend list after a two-year break carried **Ault and Wiborg** up 10 further to 143p. **Watmoughs** continued to reflect recent good results, rising 5 more to 380p while **BPCC** rallied 14 to 345p. Ahead of next week's presentations to European institutional investors, **DRG** rose 10 to 428p. **Clarke Hooper** advanced 5 to 186p and **Barham** revived still further to 167p. Among USM-quoted stocks, **Moorgate** improved 9½ to 186p but **Monotype Corporation** slipped 8 to 165p. Publisher **BPP** jumped 30 to 305p in a restricted market. **Crown TV Products** rose late to 68p for a net rise of 7.

Attention in Properties switched back to the leaders following Thursday's burst of bid activity among the second-line issues. Revived demand boosted **Land Securities** 10 to 388p and **MEPC** 10 to 362p. Elsewhere **Allied London** attracted speculative buying and moved up 14 to 105p. **Apex** hardened a couple of pence to 120p on news that Randsworth Trust had increased its stake to 24 per cent. **Shield Group** rose 25 to 265p on news of the Heron property venture, while **Trust of Property** moved up 23 to 158p following the annual meeting.

Mersey Docks and Harbour were suspended for a few hours pending the judgment of the Lands Tribunal on the South Docks compensation claim. Its decision disappointed the company which announced that no further payments will be due to stockholders in respect of South Dock compensation. Dealings were then resumed and the units fell to close 8½ down at 37p. **P. & O.** went higher with other blue chips, gaining 11 to 629p in front of Tuesday's preliminary figures.

Courtaulds benefited further as marketmakers scampered to cover short trading positions. On only a relatively small volume, the shares ended 11 up for a rise on the week of 38 at 421p. **Parkland** were another to finish the week on a high note, gaining 9 more to 164p, while **Palma** resumed the recent advance to settle 4 dearer at 69½p. News of the rights issue lowered **Dura Mill** 5 to 110p.

Rothmans International concluded an impressive week 7 up at 263p on news that its 71 per cent-owned Canadian subsidiary was to make a large acquisition aimed at broadening the group's horizons in North America.

Selected Financial Trusts were wanted and **Brist Investments** rebounded 10 to 385p while **Haw Par** jumped 7 to 114p, and **London Merchant Securities**, 7 higher at 90p following the sale of its 29.4 per cent holding in Century Power and Light to Carless Capel.

Investment Trusts moved with the underlying securities and **Fleming Fledgeling** rose 5 to 188p while **London Atlantic** put on 7 at 252p.

The oil majors, subdued on Thursday but the Government's decision to sell off its remaining 32 per cent stake in BP went sharply better yesterday following a satisfactory set of annual results from **Enterprise** and reports that New Zealand investment companies Rainbow Corporation and Equiticorp had placed the majority of their 4.9 per cent holding in **Ultramar** at prices up to 220p per share. A burst of American buying late in the session gave a further boost to prices and closing levels were generally the day's best with **BP** finally 19 higher at 835p and **Shell** ¼ up at £12¾. Reflecting the results, **Enterprise** rose 10 to 257p, while **Ultramar**, on speculation that a bidder for the company may emerge following the stake news, leapt 28 to 239p. Comment on the preliminary figures left **Britoil** 12 higher at 240p, while revived stake building rumours boosted **Burmah** 14 to 471p. **Carless Capel** gained 12 to 109p on news of the agreed acquisition of a 41 per cent stake in Century Power and Light. **British Gas** firmed 3½ more to 89p.

brought a strong rise in gold shares yesterday. The market opened higher in response to the New York close and prices quickly made further progress. Although the best levels were trimmed at the close, when the Rand slipped off the top, traders said that the underlying tone remained extremely firm.

Most of the producer issues stood out. Well to the fore were **Hartebeest, Blyvoor, Libanon** and **Vlakfontein**.

There was good demand again for the Australian mining issues. **Broken Hill Pty** were again wanted ahead of the profits statement due shortly. Demand was described as "reasonably good" in London, with the strength of the home markets again providing the driving force.

Traded options

Traded option activity increased yesterday and the total number of contracts was 51,966—35,291 calls and 16,675 puts. 10,228 calls were arranged in British Gas and 3,173 puts. Hanson Trust contributed 2,457 calls and 2,871 puts.

Traditional Options

- First dealings March 16
- Last dealings March 27
- Last declaration June 25
- For Settlement July 6

For rate indications see end of Unit Trust Service.

Call options were taken out in **Property Trust, Conroy Petroleum, Allied London Properties, Talbex, W. Bowden, Blackwood Hodge, J. Israel, Argyle Trust, Premier Consolidated, Newman Industries, Grampian TV, North Kalgurli, GRA, Centrovincial, Thomas Borthwick, Hyman, Wingate Property, Morgan Grenfell, Astra Industrial, Astra Holdings, Kwik-Fit, Micro Focus, G. M. Firth, Otter Exploration** and **Renold. Alexander Holdings** and **Blacks Leisure** were dealt in for the put, but no double options were reported.

LONDON TRADED OPTIONS

Option		Calls Apr.	Calls Jly.	Calls Oct.	Puts Apr.	Puts July	Puts Oct.
Allied Lyons (*392)	330	67	75	85	1	3	6
	360	39	50	63	3	10	17
	390	15	33	45	14	25	27
	420	6	17	27	35	37	40
Brit. Airways (*124)	100	25	28	34	1	2½	4½
	110	16	21	26	1½	4½	9
	120	8½	13½	19	3½	[illegible]	[illegible]
	130	3½	8	14	9	[illegible]	[illegible]
British Gas (*88)	60	29½	31	34	0½	[illegible]	[illegible]
	70	19½	23	25	0½	[illegible]	[illegible]
	80	9½	15	18½	1	[illegible]	[illegible]
	90	4	8½	11½	4½	[illegible]	[illegible]
B.P. (*831)	700	140	165	177	2	[illegible]	[illegible]
	750	95	115	133	9	[illegible]	[illegible]
	800	52	752	950	15	[illegible]	[illegible]
	850	25	40	60	40	[illegible]	[illegible]
Cons. Gold (*846)	750	102	127	142	4	[illegible]	[illegible]
	800	62	92	112	15	[illegible]	[illegible]
	850	32	64	85	37	[illegible]	[illegible]
Courtaulds (*420)	330	95	100	110	1½	[illegible]	[illegible]
	360	66	75	86	2	[illegible]	[illegible]
	390	40	55	68	71	[illegible]	[illegible]
	420	20	36	51	17	[illegible]	[illegible]
Com. Union (*314)	280	37	45	59	3	[illegible]	[illegible]
	300	23	35	49	6	[illegible]	[illegible]
	330	7	23	38	22	[illegible]	[illegible]
	360	3½	15	21	48	[illegible]	[illegible]
Cable & Wire (*354)	330	—	47	65	—	[illegible]	[illegible]
	350	17	—	—	14	[illegible]	[illegible]
	360	—	30	45	—	[illegible]	[illegible]
	390	3	17	30	40	[illegible]	[illegible]
G.E.C. (*221)	200	26	35	42	1½	[illegible]	[illegible]
	220	11	21	28	12	[illegible]	[illegible]
	240	3	10	18	21	[illegible]	[illegible]
Grand Met.	460	37	53	67	9	[illegible]	[illegible]

Option		Calls May	Calls Aug.	Calls Nov.	Puts May	Puts Aug.	Puts Nov.
Guinness (*331)	280	57	70	80	3	10	12
	300	47	60	68	11	18	23
	330	27	40	48	23	30	35
	360	11	23	—	45	48	—
Ladbroke (*446)	360	90	95	—	2	3	—

[illegible]

NEW HIGHS AND LOWS FOR 1986-87

NEW HIGHS (258)

BRITISH FUNDS (14), CANADIANS (1), BANKS (9), BUILDINGS (13), CHEMICALS (8), STORES (9), ELECTRICALS (16), ENGINEERING (12), FOODS (5), HOTELS (1), INDUSTRIALS (28), INSURANCE (2), LEISURE (16), MOTORS (6), NEWSPAPERS (7), PAPER (6), PROPERTY (13), SHIPPING (2), SHOES (2), SOUTH AFRICANS (4), TEXTILES (4), TOBACCOS (1), TRUSTS (43), OILS (15), PLANTATIONS (1), MINES (20).

NEW LOWS (5)

AMERICANS (1) Citicorp, ELECTRICALS (2) DBE Technology, Datron Intl., INSURANCE (1) Allianz AG, OVERSEAS TRADERS (1) GN Great Nordic.

LONDON STOCK EXCHANGE

DEALINGS

CORPORATION & COUNTY

UK PUBLIC BOARDS

COMMONWEALTH GOVT.

FOREIGN STOCKS, BONDS

STERLING ISSUES BY OVERSEAS BORROWERS

BANKS, DISCOUNTS

Prudential-Bache Cap Fdg 9¼pcPf (£1) 105 (13/3)
Royal Bk Scotland 5½pcPf (£1) 50 (17/3)
Scandinavian New (fp) 248 8 50 50 2 2 3 3
Standard Chartered 12⅝pcLn 2002-07 £120¾

BREWERIES AND DISTILLERIES

Allied-Lyons 5½pcPf (£1) 51 2. 7½pcPf (£1) 70 1½. 3pcDb 1985-90 £75 (13/3). 6¼pcDb 1984-89 £92¾ (16/3). 8¼pcDb Do 1987-92 £83½ (16/3). 7pcDb 1982-87 1988-93 £83 (17/3). 7¼pcDb 1988-93 £80½. £98⅞ (13/3). 11¼pcDb 2009 £120¾ 1⅛ 2¼ 5/16 ⅜ (18/3). 5¼pcLn £49 (13/3). 5¾pcLn (18/3). 5¼pcLn £54 (17/3). £53 4 (17/3). 7¾pcLn 1993-98 £87 ½. Bass 4pcPf (£1) 35½. 7pcPf (£1) 63

COMMERCIAL, INDUSTRIAL

Charrington Industrial Hldgs 10¾pcLn 1993-98 £94 (16/3)
Charter Cons (2p) 313 (17/3)
Clarke (T.) (10p) 38 50
Clayton Dewandre Hldgs 7½pcDb 1986-91 £95½
Clyde Blowers 190⊕
Coats Patons 6¼pcLn 2002-07 £71 (17/3). 7½pcLn 1990-95 £87¼
Coats Viyella 4.9pcPf (£1) 66½‡ (18/3)
Combined English Stores Gp 9½pcLn 1986-91 £80
Cope Allman Intnl 7½pcLn 1971-90 £91 (18/3)
Courtaulds 5pc1stPf (£1) 45½. 7¼pcDb 1989-94 £90¼⊕. 5½pcLn 1994-96 £71. 6½pcLn 1994-96 £81½. 7¼pcLn 1994-96 £88 ¼. 7¾pcLn 2000-05 £80 3¼ (18/3)
Courtaulds Clothing 7½pcPf (£1) 63⊕

PROPERTY

Allied London 10¼pc1stMtDb 2025 £105¼ 6 (17/3)
Allnatt London 10½pc1stMtDb 94-99 £100
Bampton Hldgs 8¼pc1stMtDb 88-93 £84 (16/3). 8¼pcUnsLn 2002-07 £76 (16/3)
Bampton Property Grp. 7¾pcUnsLn 91-96 £72 (16/3)
Bradford Tst 10½pcPf (£1) 131

East Surrey B 4.9pc £59
East Worcestershire 12½pcDb 1994-96 £113
Eastbourne 10½pcDb 1995-97 £98
Essex 3.5pc £44 (16/3). 3.5pc £45½ (16/3). 4pcDb £38¼ (16/3). 5pcDb 1992-94 £104⊕. 10½pcDb 1994-96 £102
Folkestone 7pc (£10) 635‡ (17/3). 4.9pc (£10) 450 (16/3)

ISB Electrical New (20p) 132
Johnson Fry (10p) 198 200 2 3
Misys (5p) 131 2 4
New England Properties 10pcLn 1990 £280 (16/3)
Parkfield Grp 7pcPf (£1) 250 (18/3)
Perkins (John) Meats (10p) 37 (18/3)
Prism Leisure Con New (10p) 148 50 2
Quarto Grp (50.10) 154 (18/3)
Regina Health Beauty Products (2p) 39 40 1 2 ½t. New (2p) 39 40 1 1 2
Sanders. Sidney New (5p) 141 3 (17/3)
Siamec Intnl (10p) 75 (18/3)
Swindon Private Hospital (£1) 100
TSB Channel Islands 114 8
Thornton (GW) Hldgs (5p) 170 3 4
Wood (John D) (10p) 183

SPECIAL LIST

RULE 534 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List

ACI Intnl A$3.888
AOG Minerals 24
Armex Hldgs 295 A$7.178
Acorn Secs 80⊕ 81 2 40 A$1.33 A$1.994 2.005
Allflex Hldgs 40 (16/3)
Amatil $910.432
Amber Gold A$0.37
Ampol Exploration 150⊕ A$3.638 (18/3)
Amsterdam-Rotterdam Bk 23.90 $38.28 Fl 79.35 79.8
Aust Devel 174 (17/3)
Aust Oil Gas 100⊕ 103
Aust Pacific Res A$0.670
Bamboo Gold Mines A$0.299
Basic Res Bahamas 25 (19/3)
Berjuntai Tin Dredging M$3.0
Black Hill Minerals A$0.398
Brown-Forman B £46⅝ (17/3)
Bukit Sembawang 65⊕ 75 102 S$4.4 (13/3)
CSF Thomson FFr 1,625.00 1,657.604⊕ FFr1,658 60 75 80 17.00.0
Centaur Mining Exploration A$1.8 (13/3)
Central Norseman Gold A$15.02
Central Victorian Gold Mines 12
Cerebos Pacific S$4.943
City Devel 82 (17/3)
Commodore Intnl 737½ (17/3)
Conex Aust 2¼
Conic Invest 8 (17/3)
Coopervision $16⅝ ¾
Devel Bk Singapore S$11⅛⊕ S$11.4
Du Pont E. I. $112⅞⊕ 131⊕
Dynatech Corp $37⅞⊕ (13/3)
Equity Silver Mines 231 (13/3)
Eurocan Ventures 30⊕
Fraser Neave 252⊕ (13/3)
Geometals A$0.748
Golconda Minerals 60 4 $191.485
Golden Plateau A$1.146
Gt Eastern Mines A$0.392
Greenbushes Tin 15⊕ 25 (18/3)
Greenwood Res 1⊕ (17/3)
Groupe Bruxelles Lambert BFr 3,820.0 (18/3)
Hang Lung Devel 97
Haoma North West 8½⊕ A$0.199
Haw Par Bros (H K Reg) S$3.781
Hemerdon Mining 23⊕ (16/3)
Hexcel Corp $45&⊕ ¼⊕ ⅜⊕ ½⊕

Source Perrier FFr 765.697⊕ (18/3)
Southern Union 780⊕ (18/3)
Stirling Pet A$0.47⊕ A$0.061 0.47 0.61
Strategic Metals Corp A$1.505
Sumitomo Metal Inds Y243.0 250.42 (17/3)
Sun Hung Kai HK$2.808 2.833
Do. Props HK$22.925 23.284
Swire Pacific B 29½
Sydney Devel A$0.238 (17/3)
Tandem Res 55
Target Pet 34⊕
Do. (A$0.15) 13⊕
Tri-Basin Res 55⊕
Valiant Cons 21
Victoria Exploration 7⊕
Village Main Reef 45⊕ R2.92
Vultan Minerals 12⊕
Walhalla Mining 8⊕ (18/3)
Wattle Gully Gold Mines A$0.239
Wong Ind Hldgs 15½⊕ (13/3)

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

Abbey National Bldg Soc 10⁹⁄₁₆pc 2/3/88 £100.554 pc (16/3)
Airship Inds (12½p) 33¼
Albion Inv 222 (17/3)
All England Lawn Tennis Gnd £500bs 1986-90 £21.500 (13/3)
Arsenal FC (£1) £840 (13/3)
Barbican Hldgs (1p) 2½ ⁵⁄₁₆
Berwick Salmon Fisheries (5p) 2½ 3 ¼ ½ 4 (19/3)
Bolton House Invs (5p) 65 8 (18/3)
Carraun (10p) 5
Channel Hotels Props (10p) 160 1 (18/3)
Cresta (10p) 74 (19/3)
Dawson (Wm) (10p) 555 60 (16/3)
Eastbourne W'wks (£1) 4.9pc 79.07 (17/3)
Explaura Hldgs (5p) 33 5 (16/3)
Fredericks Place Hldg (20p) 78½
Hard Rock Cafe (2p) 203 6 7 (19/3)
ICE (1p) 500
Kurick Leisure (10p) 30½ 2 (17/3)
Leeds Fireclay 4pc1stDb £28 32pc (17/3)
Le Riches Stores (£1) 585 (17/3)
Lecinvest 9¼pc-11¼pc £102⅝pc
Do. 1stDb 2012 415 20 (16/3)
Lon and O'seas Land (20p) 100½ (18/3)
Merchant Manufactory Est (£1) 127½ (19/3)
Merrett (10p) 415 20 (16/3)
Mid Sussex Water A 7pc 638 ½ (13/3)
Norton Villiers Triumph (1p) 5½ 6 ½ (19/3)
Oodles (10p) 19 20 1 2 (19/3)
Ouvah Highfields (£1) 90 (16/3)
Red Rose Radio A NV (10p) 50 (19/3)
Shepherd Neame A (£1) 660 5 (17/3)
Southern Newspapers (£1) 268
Star Offshore Svcs (50p) 13 5 5 (17/3)
Teddale Invs (10p) 16 ½ (19/3)
Weetabix A NV 250 3 (19/3)
Wistech (5p Fy Pd) 74 6 7 (19/3)

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration

Andaman Res (10p) 95 9 (18/3)
Kenmare Oil Expln (Ir£0.25) 25 ½ 6 ½ (18/3)
North West Expln (20p) 28 9 30 1 (18/3)

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FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Friday March 20 1987: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 29%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Thurs March 19 Index No.	Wed March 18 Index No.	Tues March 17 Index No.	Year ago (approx.) Index No.	1986/87 High		1986/87 Low		Since Compilation High		Since Compilation Low	
1 CAPITAL GOODS (208)	867.18	+1.1	7.36	3.85	17.21	2.16	857.61	861.95	859.35	719.78	867.18	20/3/87	567.56	14/1/86	867.18	20/3/87	50.71	13/12/74
2 Building Materials (27)	1059.24	+1.0	7.38	3.09	17.02	0.12	1049.23	1052.73	1046.51	817.46	1059.24	20/3/87	613.85	23/1/86	1059.24	20/3/87	44.27	11/12/74
3 Contracting, Construction (29)	1469.52	+0.2	6.91	3.23	19.85	2.68	1466.01	1489.04	1485.32	1148.73	1494.84	11/3/87	911.08	23/1/86	1494.84	11/3/87	71.48	2/12/74
4 Electricals (12)	2097.44	+0.3	7.18	3.75	17.87	1.39	2090.95	2108.81	2115.26	1950.84	2115.26	17/3/87	1538.81	2/1/86	2115.26	17/3/87	84.71	25/6/62
5 Electronics (38)	1975.94	+1.5	7.55	2.26	17.50	18.41	1947.09	1953.82	1924.18	1633.14	2013.38	3/3/87	1365.94	29/9/86	2049.85	13/11/84	1229.01	8/10/85
6 Mechanical Engineering (60)	484.31	+1.1	8.24	3.47	15.49	1.84	479.15	481.44	480.50	409.38	484.31	20/3/87	316.63	23/1/86	484.31	20/3/87	45.43	5/1/75
8 Metals and Metal Forming (7)	460.08	+1.0	7.88	3.34	15.42	0.00	455.55	456.66	454.33	327.61	460.08	20/3/87	241.87	2/1/86	460.08	20/3/87	49.65	6/1/75
9 Motors (15)	330.71	+1.5	8.34	3.28	13.81	0.88	325.84	326.35	325.54	293.82	337.55	2/3/87	286.50	14/1/86	337.55	2/3/87	19.91	6/1/75
10 Other Industrial Materials (20)	1473.18	+1.3	5.99	3.40	19.92	2.64	1454.63	1462.35	1485.38	1313.04	1485.38	17/3/87	993.49	23/1/86	1485.38	17/3/87	277.55	15/1/81
21 CONSUMER GROUP (187)	1185.81	+1.1	6.17	2.72	20.84	2.51	1172.55	1182.63	1198.58	932.25	1198.58	17/3/87	739.82	14/1/86	1198.58	17/3/87	61.41	13/12/74
22 Brewers and Distillers (22)	1086.48	+0.6	7.86	3.19	16.00	3.55	1079.60	1087.64	1100.55	951.01	1118.74	6/3/87	764.25	14/1/86	1118.74	6/3/87	69.47	13/12/74
25 Food Manufacturing (25)	883.03	+0.8	7.57	3.41	17.36	2.21	876.03	880.07	879.36	678.15	899.02	3/3/87	549.51	14/1/86	899.02	3/3/87	59.67	11/12/74
26 Food Retailing (16)	2173.36	+0.3	5.81	2.55	23.92	9.65	2167.16	2174.31	2162.77	1903.79	2174.31	18/3/87	1629.03	21/1/86	2174.31	18/3/87	54.25	11/12/74
27 Health and Household Products (10)	2379.83	+2.0	3.99	1.60	29.85	0.28	2334.26	2361.92	2406.01	1555.16	2484.02	25/2/87	1175.61	14/1/86	2484.02	25/2/87	175.38	28/5/80
29 Leisure (32)	1243.54	+1.6	6.04	3.39	21.83	8.26	1223.72	1215.30	1202.98	946.40	1243.54	20/3/87	731.17	24/1/86	1243.54	20/3/87	54.83	9/1/75
31 Packaging & Paper (14)	593.68	+1.1	5.94	2.86	21.85	8.56	587.14	594.88	604.92	459.97	607.14	5/3/87	362.52	9/1/86	607.14	5/3/87	43.46	6/1/75
32 Publishing & Printing (14)	3614.49	+1.4	5.62	3.19	22.90	3.41	3564.80	3635.98	3663.05	2323.86	3683.48	18/2/87	1834.16	9/1/86	3683.48	18/2/87	55.08	6/1/75
34 Stores (37)	1001.39	+1.0	6.48	2.72	20.98	1.25	991.97	1007.62	1015.45	906.13	1041.63	10/3/87	707.79	23/1/86	1041.63	10/3/87	52.63	6/1/75
35 Textiles (17)	696.13	+1.7	7.46	2.90	15.41	0.17	684.31	681.98	683.53	550.70	696.13	20/3/87	375.50	14/1/86	696.13	20/3/87	62.66	11/12/74
40 OTHER GROUPS (87)	979.62	+1.2	8.05	3.45	15.41	3.78	968.29	972.22	971.51	836.40	985.75	25/2/87	696.16	21/1/86	985.75	25/2/87	58.63	6/1/75
41 Agencies (17)	1398.26	+0.9	4.44	1.78	30.48	3.33	1385.75	1398.73	1404.36	0.0	1411.22	13/3/87	1111.16	2/1/87	1411.22	13/3/87	1111.16	2/1/87
42 Chemicals (21)	1222.71	+2.0	8.05	3.59	15.17	15.74	1198.23	1191.50	1217.80	916.36	1315.21	25/2/87	729.24	14/1/86	1315.21	25/2/87	71.20	1/12/74
43 Conglomerates (12)	1270.18	+0.2	6.89	3.47	17.16	2.00	1267.69	1283.10	1294.36	0.0	1312.54	13/3/87	1112.14	2/1/87	1312.54	13/3/87	1112.14	2/1/87
45 Shipping and Transport (11)	1969.95	+0.9	6.81	4.08	17.78	0.00	1952.13	1961.92	1968.18	1645.04	1984.62	13/3/87	1316.35	14/1/86	1984.62	13/3/87	90.80	29/6/62
47 Telephone Networks (2)	1004.94	+1.4	9.31	3.83	14.65	1.09	991.26	996.00	970.37	1008.85	1050.03	4/4/86	712.14	3/10/86	1050.03	4/4/86	517.92	30/11/84
48 Miscellaneous (24)	1395.77	+1.8	9.09	3.15	12.40	3.23	1322.72	1328.30	1329.84	1024.79	1344.87	18/2/87	866.26	9/1/86	1344.87	18/2/87	60.39	6/7/75
49 INDUSTRIAL GROUP (482)	1059.73	+1.1	6.97	3.08	18.16	2.84	1047.79	1054.61	1057.02	862.23	1059.73	20/3/87	691.89	14/1/86	1059.73	20/3/87	59.81	13/12/74
51 Oil & Gas (18)	1837.56	+2.6	9.23	4.86	13.70	19.18	1790.72	1804.28	1784.65	1181.94	1837.56	20/3/87	1093.63	20/2/86	1837.56	20/3/87	87.23	29/5/62
59 500 SHARE INDEX (500)	1125.43	+1.3	7.30	3.26	17.35	4.27	1110.46	1117.84	1118.31	891.30	1125.43	20/3/87	727.53	14/1/86	1125.43	20/3/87	63.49	13/12/74
61 FINANCIAL GROUP (117)	687.57	+0.8	—	4.25	—	5.01	682.27	686.45	685.43	614.71	694.81	18/2/87	507.50	14/1/86	694.81	18/2/87	55.88	13/12/74
62 Banks (8)	730.18	+0.4	18.12	5.23	7.58	12.84	727.18	732.21	729.37	689.43	765.82	18/2/87	517.21	5/2/86	765.82	18/2/87	62.44	12/12/74
65 Insurance (Life) (9)	995.28	+1.4	—	4.02	—	0.00	981.11	994.82	979.73	878.44	996.76	3/3/87	765.18	23/1/86	996.76	3/3/87	44.88	2/1/75
66 Insurance (Composite) (7)	535.42	+0.7	—	4.44	—	2.02	531.81	541.18	543.08	490.11	571.05	2/3/87	403.56	2/1/86	571.05	2/3/87	43.96	13/12/74
67 Insurance (Brokers) (9)	1168.09	+1.1	8.47	4.53	15.41	13.35	1156.29	1165.96	1187.21	1225.76	1315.27	12/2/86	1119.12	30/12/86	1315.27	12/2/86	65.86	16/12/74
68 Merchant Banks (11)	374.87	+1.2	—	3.36	—	0.82	370.49	365.18	367.85	349.33	390.44	16/1/87	277.36	24/1/86	390.44	16/1/87	31.21	7/1/75
69 Property (47)	911.68	+0.9	5.27	3.24	24.72	0.96	903.21	901.59	905.17	742.55	911.68	20/3/87	635.84	23/1/86	911.68	20/3/87	56.01	20/4/65
70 Other Financial (26)	457.06	+0.4	7.15	3.35	17.88	1.86	455.13	454.59	451.45	350.83	457.06	20/3/87	287.55	24/1/86	457.06	20/3/87	33.29	17/12/74
71 Investment Trusts (96)	981.02	+0.5	—	2.39	—	4.06	975.70	979.76	976.75	745.84	981.02	20/3/87	633.36	14/1/86	981.02	20/3/87	71.12	13/12/74
81 Mining Finance (2)	383.32	+0.8	7.99	4.29	14.71	1.89	380.44	381.43	383.41	311.99	386.78	6/3/87	240.83	2/1/86	386.78	6/3/87	66.31	30/9/74
91 Overseas Traders (12)	895.92	−0.6	9.08	5.80	13.34	10.04	901.15	904.45	905.64	677.04	905.64	17/3/87	597.55	2/1/86	905.64	17/3/87	97.37	6/1/75
99 ALL-SHARE INDEX (727)	1006.69	+1.2	—	3.40	—	4.42	994.65	1001.82	1001.08	810.48	1006.69	20/3/87	664.42	14/1/86	1006.69	20/3/87	61.92	13/12/74

	Index No.	Day's Change	Day's High	Day's Low	March 19	March 18	March 17	March 16	March 13	Year ago	1986/87 High		1986/87 Low		Since Compilation High		Since Compilation Low	
FT-SE 100 SHARE INDEX ♦	2017.5	+26.5	2017.8	2002.0	1991.8	2006.6	2006.3	1991.8	2000.0	1660.8	2017.5	20/3/87	1370.1	14/1/86	2017.5	20/3/87	986.9	23/7/84

FIXED INTEREST

PRICE INDICES	Fri March 20	Day's change %	Thurs March 19	xd adj. today	xd adj. 1987 to date
British Government					
1 5 years	124.70	+0.21	124.45	—	2.77
2 5-15 years	147.01	+0.48	146.30	—	2.69
3 Over 15 years	156.61	+0.96	155.12	—	3.45
4 Irredeemables	172.92	+0.45	172.14	—	1.62
5 All stocks	142.32	+0.48	141.64	—	2.85
Index-Linked					
6 5 years	119.66	+0.22	119.40	—	0.83
7 Over 5 years	122.40	+0.23	122.12	—	0.88
8 All stocks	121.96	+0.22	121.69	—	0.86
9 Debentures & Loans	126.79	−0.12	126.94	—	1.57
10 Preference	87.60	+0.47	87.18	—	0.65

AVERAGE GROSS REDEMPTION YIELDS		Fri March 20	Thurs March 19	Year ago (approx.)	1986/87 Highs		1986/87 Lows	
British Government								
1 Low Coupons	5 years	7.97	8.00	8.36	10.26	20/1/86	7.37	18/4/86
2	15 years	8.64	8.72	8.59	10.87	20/11/86	8.32	18/4/86
3	25 years	8.64	8.72	8.59	10.88	20/11/86	8.33	18/4/86
4 Medium Coupons	5 years	8.62	8.68	9.36	11.89	14/1/86	8.58	18/4/86
5	15 years	8.83	8.92	8.98	11.23	20/11/86	8.58	18/4/86
6	25 years	8.84	8.94	8.92	10.79	20/11/86	8.58	18/4/86
7 High Coupons	5 years	8.78	8.83	9.33	12.07	20/1/86	8.73	18/4/86
8	15 years	8.97	9.05	9.14	11.41	20/11/86	8.73	18/4/86
9	25 years	8.82	8.91	9.00	10.86	20/11/86	8.73	18/4/86
10 Irredeemables†		8.71	8.75	8.64	10.51	20/11/86	8.38	18/4/86
Index-Linked								
11 Inflat'n rate 5%	5 yrs	2.42	2.52	4.33	5.18	14/1/86	2.42	20/3/87
12 Inflat'n rate 5%	Over 5 yrs	3.32	3.33	3.81	4.01	20/1/86	3.26	13/5/86
13 Inflat'n rate 10%	5 yrs	0.87	0.95	3.24	4.23	14/1/86	0.87	20/3/87
14 Inflat'n rate 10%	Over 5 yrs	3.18	3.19	3.65	3.85	14/1/86	3.09	19/5/86
15 Debs & Loans	5 years	9.53	9.55	10.20	12.78	27/1/86	9.53	20/3/87
16	15 years	9.87	9.85	10.08	11.93	4/2/86	9.79	22/4/86
17	25 years	9.92	9.89	9.96	11.91	20/11/86	9.69	17/4/86
18 Preference†		10.73	10.78	11.15	12.18	24/2/86	10.30	9/6/86

♦ Opening index 2002.1; 10 am 2007.0; 11 am 2007.3; Noon 2009.4; 1 pm 2009.7; 2 pm 2010.8; 3 pm 2010.9; 3.30 pm 2011.4; 4 pm 2017.0.

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Conglomerates	31/12/86	1114.07	Mechanical Engineering	31/12/71	153.84	All Other	10/04/62	100.00
Telephone Networks	30/11/84	517.92	Industrial Group	31/12/70	128.20	British Government	31/12/75	100.00
Electronics	30/12/83	1646.65	Other Financial	31/12/70	128.06	Do. Index-linked	30/04/82	100.00
Other Industrial Materials	31/12/80	287.41	Food Manufacturing	29/12/67	114.13	Debs. & Loans	31/12/77	100.00
Health/Household Products	30/12/77	261.77	Food Retailing	29/12/67	114.13	Preference	31/12/77	76.72
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.

CONSTITUENT CHANGES: Barrow Hepburn (43), Baker Perkins (6) and Sarasota Technology (5) have all been deleted and replaced by Wilson Bowden (3), Norfolk Capital Group (29) and Freshbake Foods Group (25) respectively

WORLD MARKETS

FT-ACTUARIES WORLD INDICES

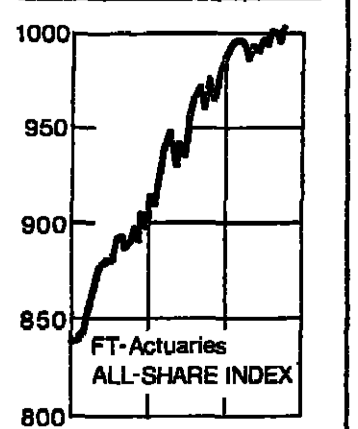
Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY MARCH 19 1987					DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	1986/87 High	1986/87 Low	Year ago
Australia (94)	114.94	+0.3	106.26	111.38	3.03	114.94	70.18	85.28
Austria (16)	93.79	+0.0	86.71	89.19	1.73	101.62	70.60	78.90
Belgium (47)	116.62	+0.4	107.82	109.86	4.03	116.62	53.75	73.58
Canada (132)	132.37	+0.3	122.38	126.10	2.22	132.37	86.58	96.19
Denmark (39)	111.94	-0.3	103.49	105.01	2.37	124.10	87.87	100.68
France (121)	115.60	+0.2	106.88	110.66	2.26	115.60	57.72	78.54
West Germany (99)	84.00	-2.7	77.66	80.07	2.25	100.33	74.48	86.21
Hong Kong (45)	107.28	-0.2	99.18	107.43	2.91	114.71	62.87	62.98
Ireland (14)	127.50	-1.9	117.88	123.23	3.39	129.92	62.33	85.96
Italy (76)	99.66	-0.6	92.14	97.13	1.53	108.30	46.07	73.59
Japan (458)	124.76	-0.6	115.35	119.44	0.54	125.51	49.46	64.03
Malaysia (35)	130.37	+3.2	120.53	126.65	3.00	135.38	66.67	72.21
Mexico (14)	138.03	-2.0	127.61	164.42	1.24	140.82	43.00	55.44
Netherland (38)	109.97	-1.1	101.67	103.94	4.25	111.17	74.14	84.24
New Zealand (27)	92.32	-0.5	85.35	87.54	2.76	100.59	47.37	57.62
Norway (25)	124.91	-0.4	115.48	117.45	1.95	125.45	90.02	104.82
Singapore (27)	116.39	+1.0	107.61	114.91	3.25	120.40	55.94	56.79
South Africa (61)	141.24	+1.4	130.58	102.93	3.79	141.24	69.06	108.71
Spain (43)	111.84	+0.3	103.40	108.71	3.61	121.31	45.00	72.38
Sweden (33)	112.03	+0.6	103.57	106.18	2.24	112.03	63.35	80.43
Switzerland (52)	94.78	-1.1	87.63	90.17	1.88	104.06	69.01	78.17
United Kingdom (342)	128.95	-0.8	119.22	119.22	3.53	130.04	75.39	97.74
USA (581)	121.20	+0.5	112.05	121.20	2.95	121.20	85.46	98.92
Europe (945)	110.93	-0.9	102.56	104.44	2.95	111.97	69.36	87.27
Pacific Basin (686)	123.68	-0.5	114.34	118.61	0.70	124.36	51.10	64.70
Euro-Pacific (1631)	118.60	-0.7	109.65	112.93	1.54	119.42	58.45	73.60
North America (713)	121.79	+0.5	112.60	121.48	2.91	121.79	85.61	98.78
World Ex. US (1838)	119.36	-0.6	110.35	113.35	1.60	120.11	60.02	74.77
World Ex. UK (2077)	119.23	-0.1	110.23	116.17	1.99	119.37	69.65	83.00
World Ex. So. Af. (2358)	119.95	-0.2	110.90	116.52	2.12	120.19	69.95	84.10
World Ex. Japan (1961)	117.86	+0.0	108.97	114.93	2.94	117.86	79.87	93.92
The World Index (2419)	120.09	-0.2	111.02	116.43	2.13	120.31	70.14	84.25

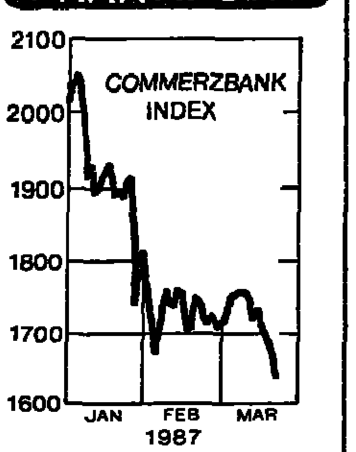
Base values: Dec 31, 1986 = 100

Latest indices not available for this edition

LONDON



FRANKFURT



EUROPEAN OPTIONS EXCHANGE

Series		May 87 Vol.	May 87 Last	Aug 87 Vol.	Aug 87 Last	Nov 87 Vol.	Nov 87 Last	Stock
GOLD C	$400	26	15	—	—	—	—	$405.00
GOLD C	$440	31	2.80	53	9	—	—	"
GOLD P	$370	—	—	—	—	50	4.50	"
GOLD P	$390	—	—	100	7.40	—	—	"
		Mar 87		Jun 87		Sep 87		
SILVER C	$550	134	3	—	—	—	—	$554
£/Fl C	Fl.330	84	0.20	79	6	—	—	Fl.331.09
£/Fl C	Fl.335	28	0.05	56	3.80	—	—	"
£/Fl C	Fl.340	—	—	81	3	—	—	"
£/Fl C	Fl.345	—	—	80	1.10	—	—	"
£/Fl P	Fl.305	—	—	250	1	—	—	"
£/Fl P	Fl.310	—	—	150	1.50	—	—	"
£/Fl P	Fl.330	48	0.05	30	9	—	—	"
		Mar 87		Apr 87		May 87		
$/Fl C	Fl.190	—	—	50	17	—	—	Fl.206.93
$/Fl C	Fl.200	33	7	—	—	30	7.30	"
$/Fl C	Fl.205	498	1.50	180	3.70	—	—	"
$/Fl C	Fl.210	—	—	36	1.20	22	1.60B	"
$/Fl C	Fl.215	—	—	4	0.50	—	—	"
$/Fl P	Fl.200	—	—	—	—	2	0.80	"
$/Fl P	Fl.205	827	0.05	162	1.70A	3	2.70	"
$/Fl P	Fl.210	1367	2.90B	10	4.80B	55	5.30	"
$/Fl P	Fl.215	696	8.10	—	—	—	—	"
$/Fl P	Fl.220	209	13	4	13.50	—	—	"
$/Fl C	Fl.225	340	18	—	—	—	—	"
$/Fl P	Fl.230	255	23	—	—	—	—	"
$/Fl P	Fl.235	156	28.30	—	—	—	—	"
$/Fl P	Fl.245	72	38.40A	—	—	—	—	"
$/Fl P	Fl.250	87	43.40	—	—	—	—	"
$/Fl P	Fl.265	84	58.40	—	—	—	—	"
		Jun 87		Sep 87		Dec 87		
$/Fl. C	Fl.205	10	5	—	—	50	7.80	Fl.206.93
$/Fl. C	Fl.210	97	2.50	—	—	10	6	"
		Apr 87		Jul 87		Oct 87		
ABN C	Fl.540	8	1.60	173	8.20	4	13	Fl.503.50
ABN P	Fl.480	134	2.90	9	11	2	19	"
AEGON C	Fl.90	55	1.70	23	3.10	15	4.50	Fl.86.60
AEGON P	Fl.85	49	1.80	5	3.60	19	5.20	"
AHOLD C	Fl.110	46	5.60	118	7.50	5	11	Fl.111.80
AHOLD P	Fl.110	91	2.50	5	6	—	—	"
AKZO C	Fl.150	386	1.60	363	4.20	34	6.80	Fl.143.30
AKZO P	Fl.150	36	8	219	13	40	13.80	"
AMEV C	Fl.65	143	1.80	142	3.50	—	—	Fl.63.80
AMRO C	Fl.85	6	0.60	13	2.30	109	3.70	Fl.79
AMRO P	Fl.80	172	3.50	14	4.70	2	6.70A	"
ELSEVIER C	Fl.250	63	6	22	15	1	20	Fl.251.20
GIST-BROC. C	Fl.45	116	1.20	54	2.50	39	4.10	Fl.44
GIST-BROC. P	Fl.45	20	2.30	3	4	32	4.80	"
HEINEKEN C	Fl.180	124	2.80	71	5.40	164	7	Fl.174.50
HEINEKEN P	Fl.170	42	3.10	62	6	—	—	"
HOOGOVENS C	Fl.40	89	1	31	2.30	17	3.50	Fl.36.30
HOOGOVENS P	Fl.35	200	1.80	57	3	34	4.40	"
KLM C	Fl.45	23	0.60	513	1.90	16	2.80	Fl.42.50
KLM P	Fl.40	60	0.60	523	1.60	24	3	"
NAT. NED C	Fl.75	89	1.90	82	3.50	7	4.80	Fl.73.30
NAT. NED. P	Fl.70	5	0.70	29	2.20	—	—	"
PHILIPS C	Fl.50	799	0.90	686	2.50	74	3.70	Fl.48.90
PHILIPS P	Fl.50	216	2.70	573	3.70	19	4	"
ROYAL DUTCH C	Fl.230	1190	12.20	233	12.80	73	13.50	Fl.241.20
ROYAL DUTCH P	Fl.230	633	1.30	174	6.60	42	9.60	"
UNILEVER C	Fl.560	316	6.80	335	13.90	131	19.90	Fl.555
UNILEVER P	Fl.540	128	4	65	12	1	16	"

TOTAL VOLUME IN CONTRACTS: 33,613

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	10	● Charterhouse Bank	10	● Morgan Grenfell	10
Adam & Company	10½	Citibank NA	10	Mnt Credit Corp. Ltd.	10½
Allied Arab Bk Ltd	10	Citibank Savings	¶12.45	Nat Bk. of Kuwait	10
Allied Dunbar & Co	10	City Merchants Bank	10	National Girobank	10
Allied Irish Bank	10	Clydesdale Bank	10	Nat Westminster	10
American Exp. Bk.	10	Comm. Bk. N. East	10	Northern Bank Ltd.	10
Amro Bank	10	Consolidated Cred.	10	† Norwich Gen. Trust	10
Henry Ansbacher	10½	Co-operative Bank	*10	PK Finans. Intl (UK)	11½
ANZ Banking Group	10	Cyprus Popular Bk	10	Provincial Trust Ltd	12
Associates Cap Corp.	11	Duncan Lawrie	10	R. Raphael & Sons	10
Authority & Co Ltd	10½	E. T. Trust	12	Roxburghe G'rantee	11½
Banco de Bilbao	10	Equator'l Tst C'p plc	11	Royal Bk of Scotland	10
Bank Hapoalim	10½	Exeter Trust Ltd.	10½	Royal Trust Bank	10
Bank Leumi (UK)	10	Financial & Gen. Sec.	10	Standard Chartered	10
Bank Credit & Comm	10½	First Nat. Fin. Corp.	11½	Trustee Savings Bnk	10
Bank of Cyprus	10	First Nat. Sec. Ltd	11½	UDT Mortgage Exp.	¶12.25
Bank of Ireland	10	● Robert Fleming & Co	10	United Bk of Kuwait	10
Bank of India	10½	Robert Fraser & Ptrs	11½	United Mizrahi Bank	10
Bank of Scotland	10	Grindlays Bank	‡10	Westpac B'nkng Corp	10
Banque Belge Ltd	10	● Guinness Mahon	10	Whiteaway Laidlaw	10½
Barclays Bank	10	HFC Trust & Savings	10	Yorkshire Bank	10
Benchmark Tst Ltd	10	● Hambro Bank	10		
Beneficial Trust Ltd	11½	Heritable & Gen. Tst.	10		
Berliner Bank AG	10	● Hill Samuel	§10		
Brit. Bk. of Mid. East	10	C. Hoare & Co	10		
● Brown Shipley	10	Hongkong & Shangh'	10		
Business Mortgages Tst.	10	Lloyds Bank	10		
CL Bank Nederland	10	Mase Westpac Ltd.	10		
Canada Permanent	10	Meghraj & Sons Ltd	10		
Cayzer Ltd	10	Midland Bank	10		

● Members of the Accepting Houses Committee. * 7-day deposits 5.35%. Savewise 8.03%. Top Tier—£2,500+ at 3 months' notice 9.38%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 5¾% gross. ¶ Mortgage base rate. § Demand deposit 5.35%. Mortgage 12¼%.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 6 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	7,800	152	−2	Ladbroke	361	444	−1
Allied Lyons	1,300	390	—	Land Securities	3,000	388	+10
Amstrad	4,400	186	—	Legal & Gen.	2,100	306	+7
Assoc. Brit. Foods	496	359	+2	Lloyds Bank	1,000	487	+5
BAT	3,200	520	+5	Lonrho	1,700	267	−3
BET	1,300	503	−5	MEPC	2,600	362	+10
BOC	396	441	+5	Marks & Spncr	4,200	226	+2
BPB Inds	211	703	+3	Midland Bank	806	632	+5
BPCC	1,200	345	+14	NatWest Bank	1,700	599	—
BTR	4,700	333	+5	Pearson	701	573	+7
Barclays	1,800	512	+5	P & O	2,000	629	+11
Bass	367	929	+5	Pilkington Bros	966	758	+17
Beecham	2,700	557	+6	Plessey	7,700	252½	+1
Blue Circle	149	763	+2	Prudential	640	919	+5
Boots	3,600	285	+2	Racal	4,900	246	—
Brit. Airways	6,100	123	+1	Rank Org	649	713	+6
Brit. Aero	1,000	658	+13	RHM	430	319	+3
Brit. Gas	30,000	89	+3½	Reckitt & Col	423	990	+17
Britoil	7,600	240	+12	Redland	1,300	473	+2
BP	4,100	835	+19	Reed Intl	508	416	+1
Brit. Telecom	5,300	260	+3	Reuters	2,000	706	+10
Bunzl	961	225	+2	RMC	281	829	+10
Burton	3,000	307	+4	RTZ	1,100	722	+5
Cable & Wire	4,100	353	+8	Rowntree Mac	2,300	499	+10½
Cadbury Schwps	3,850	257	+9	Ryl Bnk of Scotland.	274	334	+3
Coats Viyella	701	584	+7	Royal Insurance.	1,000	972	+4
Comm. Union	—	316	+3	STC	6,900	248	+2
Cons. Gold	1,100	849	+7	Saatchi & Saatchi	120	655	+4
Cookson	211	583	+5	Sainsbury	649	501	+3
Courtaulds	1,400	421	+11	Scott & Newcastle	568	240	—
Dee Corpn	5,900	234	+3	Sears	2,600	136	+1½
Dixons Grp	8,540	378	—	Sedgwick	594	325	+8
English China Clays	740	414	−2	Shell Trans	5,000	£12¼	+0 3/32
Fisons	370	647	+3½	Smith & Nephew	2,000	162	+1
Gen. Accident	130	937	+5	Standard Chart.	1,500	777	—
Gen. Elect	12,000	220	+5	Storehouse	1,500	307	+4
Glaxo	1,300	£15½	+0¼	Sun Alliance	537	773	+8
Globe Investment	311	155½	+1½	TSB	15,000	81	−1
Granada	3,700	335	+4	Tarmac	1,100	538	+4
Grand Met	2,900	480	+1	Tesco	2,900	478	−2
Gus "A"	358	£12¾	+0⅛	Thorn EMI	1,400	618	+1
Guardian R.E.	188	925	+7	Trafalgar House	1,000	351	+4
GKN	2,540	333	+4	T'house Forte	8,400	229	+6
Guinness	28,000	329	+9	Unigate	710	380	+2
Hammerson Prop	96	485	—	Unilever	1,000	£25¼	—
Hanson Trust	9,400	164	—	United Biscuits	2,600	281	+3
Hawker Sidd	863	537	+12	Wellcome	9,400	497	+39
Hillsdown Hlgs	2,600	270	—	Whitbread 'A'	681	329	+1
ICI	4,485	£13 3/16	+0⅜	Willis Faber	141	424	+1
Imp. Cont. Gas	51	722	−1	Woolworth	1,500	824	+15
Jaguar	2,100	574	+11				

LEADERS AND LAGGARDS

Percentage changes since December 31 1986 based on Thursday, March 19 1987

Health and H'sehold Products	+41.53	Stores	+18.77
Packaging and Paper	+31.37	Food Manufacturing	+18.65
Metals and Metal Forming	+27.97	Oils and Gas	+18.48
Textiles	+26.40	Electricals	+17.98
Electronics	+26.13	Other Groups	+17.93
Agencies	+24.39	Gold Mines Index	+17.51
Shipping and Transport	+24.27	Insurance (Composite)	+16.49
Leisure	+24.07	Telephone Networks	+16.08
Contracting, Construction	+23.62	Food Retailing	+15.21
Other Industrial Materials	+23.32	Overseas Traders	+15.21
Consumer Group	+23.31	Brewers and Distillers	+15.09
Capital Goods	+23.09	Conglomerates	+13.79
Industrial Group	+21.77	Insurance (Life)	+12.87
Mechanical Engineering	+21.66	Investment Trusts	+12.14
Building Materials	+21.37	Property	+11.96
500 Share Index	+21.28	Mining Finance	+10.92
Motors	+19.65	Financial Group	+10.80
Publishing and Printing	+19.46	Merchant Banks	+ 7.12
All-Share Index	+19.05	Banks	+ 5.20
Chemicals	+18.77	Insurance Brokers	+ 2.72

RISES AND FALLS ON THE WEEK

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	80	15	18	438	66	61
Corporations, Dom. and Foreign Bonds	0	26	43	67	43	235
Industrials	582	411	544	2,395	2,458	2,836
Financial and Props.	235	97	255	964	692	1,279
Oils	49	22	41	187	131	242
Plantations	4	2	8	13	12	45
Mines	93	29	58	345	206	349
Others	93	39	68	316	367	308
Totals	1,136	641	1,035	4,725	3,975	5,355

هكذا من الأصل

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

هكذا من الأصل

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

FT UNIT TRUST INFORMATION SERVICE

M & G Group
Three Quays, Tower Hill, EC3R 6BQ 01-626 4588

Amer Bond (Acc)	214.2	225.0	+2.1	—
Amer Rec Bond (Acc)	275.1	289.0	+3.6	—
Amer Smlr Co Bd (Acc)	119.7	125.8	+0.8	—
Australasian Bd (Acc)	167.1	175.5	+1.7	—
Commodity Bond (Acc)	173.3	182.0	+0.2	—
Deposit Bond (Acc)	221.6	232.8		—
Equity Bond (Acc)	638.6	670.6	−2.6	—
Equity Bond Bonus	269.9	283.5	−1.1	—
European Bond (Acc)	179.1	188.1	+0.6	—
Extra Yld Bd (Acc)	356.7	374.6	−2.1	—
Far Eastern Bond (Acc)	146.0	153.4	+1.6	—
Gilt Bond (Acc)	265.4	278.8	+1.2	—
Gold Bond (Acc)	130.6	137.3	+1.5	—
High Yield Bond (Acc)	240.8	252.9	−0.6	5.32
Index-Linked GtBd(Acc)	125.9	132.2	+0.1	—
Interntl Bond (Acc)	392.2	411.9	+2.8	—
Interntl Inc Bond (Acc)	127.6	134.1	+0.7	—
Japan Bond (Acc)	207.1	217.5	+2.8	—
Japan Smaller Co (Acc)	146.3	153.7	+0.3	—
Managed Bond (Acc)	473.1	496.9	+0.1	—
Property Bond (Acc)	285.5	299.9	....	—
Recovery Bond (Acc)	335.7	352.6	−3.0	—

Pensions Funds

American (Cap)	329.2	345.7	+1.4	—
American (Acc)	456.6	479.5	+2.1	—
Building Soc (Cap)	93.5	98.3	+0.1	—
Building Soc (Acc)	129.7	136.3	+0.1	—
Deposit (Cap)	153.6	161.4	.....	—
Deposit (Acc)	213.1	223.8	.....	—
European (Cap)	136.6	143.6	+1.2	—
European (Acc)	189.5	199.1	+1.6	—
Equity (Cap)	388.6	408.1	−1.3	—
Equity (Acc)	538.5	565.3	−1.9	—
Gilt (Cap)	248.2	260.7	+0.1	—
Gilt (Acc)	344.3	361.6	+0.1	—
Gold (Cap)	91.6	96.2	+1.0	—
Gold (Acc)	127.0	133.5	+1.5	—
Index-Linked (Cap)	95.8	100.7	.....	—
Index-Lnkd Gilt (Acc)	132.9	139.7	+0.1	—
International (Cap)	107.2	112.6	+0.8	—
International (Acc)	148.6	156.2	+1.2	—
Intnl Inc (Cap)	105.0	110.3	+0.3	—
Intl Inc (Acc)	145.6	153.0	+0.4	—
Japan (Cap)	128.3	134.9	+0.7	—
Japan (Acc)	178.0	187.0	+0.9	—
Managed (Cap)	300.7	315.9	+0.4	—
Managed (Acc)	417.1	438.1	+0.5	—
PPP Fund (Cap)	289.9	304.5	+0.5	—
PPP Fund (Acc)	402.0	422.2	+0.6	—
Pacific (Cap)	246.7	259.1	+2.3	—
Pacific (Acc)	342.1	359.4	+3.3	—
Property (Cap)	132.4	139.1	..	—
Property (Acc)	183.6	192.9	..	—
Recovery (Cap)	182.7	191.9	−1.6	—
Recovery(Acc)	253.4	266.1	−2.2	—
UK Income (Cap)	106.2	111.6	+0.2	—
UK Income (Acc)	147.3	154.8	+0.4	—
Personal Pension (Acc)	1611.0		+2.5	—

MGM Assurance
MGM House, Heene Rd, Worthing 0903 204631

UK Equity	210.7	221.8	+0.5	—
Do. Accum	234.4	246.8	+0.6	—
Special Situations	185.2	195.0	−0.2	—
Do. Accum	206.2	217.1	−0.2	—
North American	187.3	197.2	+1.2	—
Do. Accum	208.5	219.5	+1.4	—
Pacific Basin	301.7	317.6	+1.5	—
Do. Accum	335.8	353.5	+1.8	—
Fixed Interest	215.5	226.9	+1.8	—
Do. Accum	239.8	252.5	+2.0	—
Property	116.2	122.4	... ..	—
Do. Accum	129.3	136.2	. ....	—
Deposit	112.1	118.1	... ..	—
Do. Accum	124.7	131.3	... ..	—
Managed	202.2	212.9	+0.8	—

NM Schroder Life Assurance Ltd
Enterprise House, Portsmouth 0705 827733

American	248.0	261.0	+0.2	—
Australian	157.6	165.8	−0.2	—
CCM Vanguard Mngd	388.5	408.9	−1.3	—
Equity	835.0	878.9	−0.1	—
European	312.7	329.1	+0.3	—
Far Eastern Growth	124.5	131.0	1.6	—
Fixed Interest	333.1	350.6	+0.2	—
Gold	102.5	107.8		—
Income Accum	415.5	437.3	−1.2	—
International	260.2	273.8	−0.5	—
Japan Smllr Co's	211.6	222.7	+0.3	—
Managed	421.8	444.0	.	—
Property	286.0	301.0	....	—
Residential Property	106.8	112.4	.	—
Singapore & Malaysian	135.9	143.0	+0.9	—
Smaller Companies	362.7	381.7	+0.9	—
Tokyo	349.7	368.1	+0.4	—
UK Equity	356.4	375.1	−1.6	—
American Pension	273.2	287.5	+0.4	—
Australian Pension	195.2	205.4		—
CCM Vanguard Pension	161.4	169.8	−0.4	—
Equity Pension	583.4	614.1	−1.9	—
European Pension	233.3	245.5	+0.4	—
Far Eastern Grwth Pen	137.0	144.2	−2.4	—
Fixed Interest Pension	287.6	302.7	+0.1	—
Global Mngd Pension	137.3	144.5	−0.1	—
Gold Pension	112.0	117.8	.. ..	—
Income Acc Pension	212.4	223.5	−0.8	—
International Pension	169.3	178.2	−0.3	—
Japan Smllr Co's Pen	265.8	279.7	+0.4	—
Managed Pension	1194.5	1257.3	−2.8	—
Property Pensions	267.2	281.2	–	—
Residentl. Prop Pen	111.7	117.5	....	—
Singapore & Malay. Pen	153.8	161.8	+2.0	—
Smaller Cos Pension	175.1	184.3	+0.7	—
Special Exempt	307.7	323.8	+0.3	—
Tokyo Pension	406.4	427.8	+0.4	—
UK Equity Pension	199.5	210.0	−1.1	—

Prices: Life Series 4 Acc; Pension Series C Acc March 20

National Mutual Life
5 Bow Churchyard, London EC4M 9DH 01-236 1566

Managed Fund	187.5	197.4	..	—
Managed Prospect Fund	147.7	155.5	......	—
UK Equity Fd	219.6	231.2	... .	—
Fixed Interest	143.4	151.0	....	—
Pacific	179.9	189.4	......	—
North American	117.7	123.9	......	—
Pens. Managed	218.8	230.4	. ...	—
Pens. UK Equity	260.5	274.3	.... .	—
Pens. Overseas Equity	295.3	310.9	.... .	—
Pens. Property	116.7	122.9	......	—
Pens. Fixed Interest	156.4	164.7	......	—
Pens. Index Linked	122.9	129.4	.....	—
Pens. Deposit	141.6	149.1	... .	—
P.R.P. UK Equity	112.5	118.5	.....	—
P.R.P. Overseas Equity	104.5	110.0	. . .	—
P.R.P. Fixed Interest	105.6	111.2	.. ..	—
P.R.P. Property	96.0	101.1	......	—
P.R.P. Index Linked	110.3	116.2	.. ..	—
P.R.P. Deposit	97.0	102.2	.....	—
P.R.P. Managed	108.9	114.7	... .	—
P.R.P. With Profits	97.3	102.4	.....	—

National Mutual of Australasia
Serpentine Rd, Poole, Dorset 0202 680666

Fixed Interest	133.83	140.87	+2.52	
Guaranteed Deposit	117.11	123.27	+0.16	—
International	166.62	175.38	+0.89	—
Managed	144.33	151.92	+1.75	—
Property	126.87	133.54	+1.25	—
UK Equities	179.71	189.16	+2.23	—
Pens Fixed Interest	125.64	132.25	+2.37	—
Pens Grtd Deposit	117.43	123.61	+0.24	—
Pens International	181.51	191.06	+1.0	

Property Growth Assur Co Ltd
Leon House, Croydon CR9 1LU 01-680 0606

Property Fund		294.0	+0.1	—
Property Fund (A)		282.4	+0.1	—
Agricultural Fund		800.5	−0.1	—
Agric Fund (A)		768.0	−0.1	—
Abbey Nat Fund		255.0	+0.1	—
Abbey Nat Fd (A)		247.7	. .	—
Investment Fund		218.6	+0.7	—
Investment Fund (A)		212.1	+0.7	—
Equity Fund		793.2	+3.8	—
Equity Fund (A)		772.0	+3.6	—
Money Fund		277.7	+0.2	—
Money Fund (A)		270.2	+0.2	—
Actuarial Fund		362.5	+1.2	—
Gilt-Edged Fund		257.4	−0.6	—
Gilt-Edged Fd (A)		257.4	−0.6	—
Retire Annuity		453.7		—
Immed Ann'ty		208.0	.....	—
International Fd		404.3	+2.0	—
Bldg. Soc. Life Fd		138.7	+0.1	—

Property Growth Pensions & Annuities Ltd

All W'ther Ac. Uts	458.2	482.4	.....	—
Inv. Fd. Uts		488.4	.....	—
Pension Fd. Uts		367.1	+0.3	—
Conv. Pens. Fd		438.9	+0.5	—
Cnv. Pns. Cap. Ut		290.7	+0.2	—
Man. Pens. Fd		611.6	+2.8	—
Man. Pens. Cap Ut		421.1	+1.7	—
Prop. Pens. Fd		370.7	+0.1	—
Prop.Pens.Cap.Uts		248.8	.....	—
Bldg. Soc. Pen. Ut		384.0	+0.3	—
Bldg. Soc. Cap. Ut		262.8	+0.2	—
Gilts Pens. Fd		253.0	+0.9	—
Gilts Pens. Fd. Cap		196.2	+0.6	—
Equity Pens. Fd		525.2	+2.7	—
Equity Pens. Fd. Cap		407.4	+1.9	—
Intl. Pens. Fd		183.4	+1.0	—
Intl. Pens. Fd. Cap		163.2	+0.8	—

Providence Capitol Life Assc. Co Ltd
30 Uxbridge Rd, London W12 8PG 01-749 9111

Equity Acc.	198.6	209.9	+1.0	
Fixed Interest Acc.	122.1	128.8	+0.2	—

Royal Heritage Life Assur.—Contd.
MIM Britannia—Series A

American Growth	83.6	88.0	+0.5	—
European Smaller	118.9	125.2	+0.6	—
International Leisure	89.5	94.3	+0.4	—
US Income	85.0	89.5	+0.1	—
US Smlr Co's	129.8	136.7	+0.5	—
Commodity	99.4	104.7	+0.5	—
Extra Inc	136.8	144.1	−0.9	—
Far East	141.7	149.2	−0.2	—
Fin Secs	207.3	213.0	−0.3	—
Gold	72.6	76.5	+1.1	—
Inc Growth	224.2	236.1	−1.3	—
Inp Growth	156.5	164.8	..	—
Intl Recovery	219.9	231.5	+0.1	—
Japan Perf	205.0	215.8	−0.9	—
Japan Smlr Cos	97.7	102.9	...	—
Nat High	217.9	229.0	−1.5	—
Prop Shares	194.2	204.5	−1.0	—
Smaller Cos	248.6	261.7	−0.1	—
Univ Energy	50.9	53.6	..	—
World Tech	138.0	145.3	+1.5	—
Man Growth	187.5	197.4	+0.9	—
Gilt	89.8	94.6	...	—
Hong Kong	95.9	101.0	−0.9	—
Aust Growth	128.6	135.4	+1.0	—
European Perf	94.8	99.8	+0.3	—

Gartmore Funds—Series A

American	163.4	172.0	−0.1	—
Australian	122.2	128.7	.....	—
British	202.5	213.2	−1.6	—
Commodity	162.6	172.2	+0.6	—
European	142.9	150.5	+1.4	—
Extra Inc	194.8	205.1	−0.8	—
Far East	250.2	263.4	+1.4	—
Intl Fixed Interest	90.1	94.9	+0.3	—
Global Strgy	330.1	347.5	+1.0	—
Gold Share	70.6	74.4	+0.7	—
Hedged American	128.7	135.5	+0.6	—
High Inc	227.6	239.6	−0.5	—
Hong Kong	112.8	118.8	+0.9	—
Income	309.1	325.4	−1.4	—
Japan	307.3	323.5	−1.2	—
Oil & Energy	135.3	142.5	+0.5	—
Special Sits	282.7	297.6	−1.5	—
UK Smlr Cos	258.9	272.6	...	—
Man Gth	284.3	299.3	+0.4	—

OFFSHORE AND OVERSEAS

هكذا من الأصل

FT UNIT TRUST INFORMATION SERVICE

هكذا من الأصل

LONDON SHARE SERVICE

BRITISH FUNDS

Shorts (Lives up to Five Years)

1986/87 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
[illegible]	[illegible]	[illegible]	99{{	–{	8.51	8.60
101¼	[illegible]	Treas [illegible] 1987	100{	+{	9.99	9.23
98{	90⅞	[illegible] 1987	98{	+{	3.04	7.02
104½	99¼	Treas. 12pc 1987	101{		11.79	9.87
99{	92{	Treas 7¼pc 1985-88‡‡	99⅛	+{	7.30	8.59
104	99{	Exch 10½pc '88	101{	–{	10.30	8.69
102⅞	95{	Treas 9½pc Cv '88	101{	+{	9.64	8.70
95⅝	86{	Transport 3pc '78-88	95{	+{	3.14	6.73
102½	93{	Treas 9½pc '88	101{	+{	9.39	8.68
107{	98{	Treas 11½pc 1989	104{	+{	10.97	8.69
103½	93⅝	Treas 9½pc Cnv 1989	101{	+{	9.35	8.62
93{	82{	Treas 3pc 1989	92⅝	+{	3.24	6.71
105{	95{	Treas 10½pc 1989	103{	+{	10.15	8.73
104{	94¼	Exch 10pc 1989	102{	+{	9.74	8.73
107{	97	Exch 11pc 1989	105	+{	10.48	8.72
94{	84½	Treas 5pc 1986-89	94{	+{	5.30	7.49
110{	94⅝	Exch 10¼pc Cv '89	107⅛	+{	9.52	7.03
114{	103{	Treas 13pc 1990‡‡	110¼	+{	11.73	8.59
108⅛	97¼	Exch 11pc 1990‡‡	105⅞	+{	10.39	8.65
113⅛	101{	Exch. 12¼pc 1990	109{	+{	11.37	8.66
89½	79⅝	Treas. 3pc 1990	89⅝	...	3.35	6.76
100{	89⅝	Treas 8¼pc 1987-90‡‡	99{	+{	8.33	8.58
106{	93	Treas. 10pc Cv 1990	104	+{	9.62	8.70
87{	76½	Exch 2½pc 1990	87{	...	2.87	6.49
112{	99{	Treas 11¾pc 1991	109{	+{	10.71	8.67
94⅛	83{	Funding 5¾pc '87-91‡‡	93{	+{	6.15	7.67
86{	79{	Treas. 3pc 1991	86{	+{	3.47	6.80
109{	95{	Treas 10pc Cv '91	109{	+{	9.14	7.40
110⅝	96{	Exch 11pc 1991	108⅛	+{	10.13	8.69
118¼	103⅝	Treas 12¾pc 1992‡‡	115{	+{	11.00	8.64

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

Continued on next page

Money Market Bank Accounts

Money Market Trust Funds

NOTES

LONDON SHARE SERVICE

CANADIANS

High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
32½p	20p	♥Abbot Energy Corp.	22½p	.....	—	—	—
18⅛	380p	♥Amer. Barrick Res.	17⅝	−¼	—	—	—
19¾	13⅛	Bk. Montreal ‖	16	−½	$2.00	—	6.0
10½	595p	Bk. Nova Scot.‖	912p	−13	72c	—	3.8
20¾	17⅝	BCE ‖	19⅝	−⅞	$2.40	—	5.9
938p	457p	♥Bow Valley‖	938p	.....	10c	—	0.5
17⅝	11¼	♥Brascan‖	16½	−1¼	86c	—	2.6
429p	233p	♥Breakwater Res.	405p	+2	—	—	—
11⅝	820p	Can. Imp Bk. $2	10⅝	−⅛	$1.08	—	5.0
11¾	692p	Can. Pacific ‖	11⅝	+¼	48c	—	2.0
42	35	Do. 4pc Deb £100	42	.....	4%	—	9.5
21⅞	875p	♥Echo Bay Mines	21⅞	+⅛	20c	—	0.4
636p	289p	♥Granges Expln‖	623p	+21	—	—	—
33p	10p	♥Gt Pacific Res.	10½p	−2	—	—	—
14	620p	♥Gulf Canada‖	13½	−½	52c	—	1.8
15	10½	♥Hawker Sid Can‖	13	.....	96c	—	5.5
750p	100p	Henlys Group	680p	+21	—	—	—
15⅝	11	Hudson's Bay ‖	13⅛	.....	60c	—	2.2
33⅞	16⅝	♥Imperial Oil‖	33⅞	.....	s$1.50	—	2.3
11⅛	731p	Inco‖	984pxd	−1	US$0.20	—	1.4
20	550p	♥Intl. Corona Res.	18½	−⅛	—	—	—
701p	500p	♥Inland Nat. Gas $1	644p	+27	60c	—	4.5
261p	122p	♥Muscocho Expln.	250p	−5	—	—	—
22⅛	748p	♥Ntnl Business Syst.‖	930p	+4	—	—	—
13½	965p	♥Rio Algom	11⅛	+½	65c	—	2.8
19⅛	13½	Royal Bk. Can. ‖	16	−½	$2.00	—	6.0
47⅞	30⅝	Seagram‖	47	−⅞	US$1.00	—	1.5
14⅞	10½	Toronto-Dom. Bk.‖	14	−⅛	94c	—	2.9
10	753p	♥Trans Can Pipe	10	.....	$1.12	—	5.4
229p	125p	Varity Corp‖	150p	+5	B—	—	—

BANKS, HP & LEASING

1986/87 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]								

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Cont.

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

هكزامن الأصل

هكذا من الأصل

LONDON SHARE SERVICE

INSURANCES—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING—Continued

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Cont.

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

FINANCE, LAND—Cont.

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Continued

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

NOTES

[illegible]

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	74	......	Fin. 13% 97/02	£105¼	......
Craig & Rose £1	£35¼	......	Arnotts	340	......
Finlay Pkg. 5p	68	......	CPI Hldgs	73	+3
Holt (Jos) 25p	900	+5	Carrol Inds.	131	−2
IoM Stm. £1	93	+5	Dublin Gas	11	......
			Hall (R. & H.)	108	......
IRISH			Heiton Hldgs.	32	......
Fund 11¼% 1988	£98	......	Irish Ropes	180	......
Nat. 9¾% 84/89	£93¾	......	Unidare	300	......

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	35	NEI	8
Amstrad	16	Nat West Bk	55
BAT	47	P & O Dfd	55
BOC Grp	42	Plessey	20
BSR	12	Polly Peck	20
BTR	30	Racal Elect	20
Babcock	19	RHM	30
Barclays	47	Rank Org Ord	55
Beecham	48	Reed Intnl	42
Blue Circle	62	STC	20
Boots	25	Sears	12
Bowaters	37	TI	55
Brit Aerospace	58	TSB	8
Brit. Telecom	20	Tesco	42
Burton Ord	23	Thorn EMI	50
Cadburys	22	Trust Houses	20
Charter Cons.	30	Turner Newall	24
Comm Union	29	Unilever	150
Courtaulds	35	Vickers	55
FNFC	20	Wellcome	50
Gen Accident	80	**Property**	
GEC	18	Brit Land	17
Glaxo	110	Land Securities	30
Grand Met	40	MEPC	32
GUS 'A'	100	Peachey	30
Guardian	85	**Oils**	
GKN	30	BOM	3½
Hanson Tst	15	Brit Petroleum	60
Hawker Sidd	50	Burmah Oil	38
ICI	80	Charterhall	4
Jaguar	52	Premier	4
Ladbroke	40	Shell	75
Legal & Gen	25	Tricentrol	21
Lex Service	35	Ultramar	17
Lloyds Bank	48	**Mines**	
Lucas Inds.	55	Cons Gold	65
Marks & Spencer	18	Lonrho	24
Midland Bk	55	Rio T Zinc	65
Morgan Grenfell	35		

A selection of Options traded is given on the London Stock Exchange Report Page.

FINANCIAL TIMES

Saturday March 21 1987

Inflation 3.9% but expected to rise

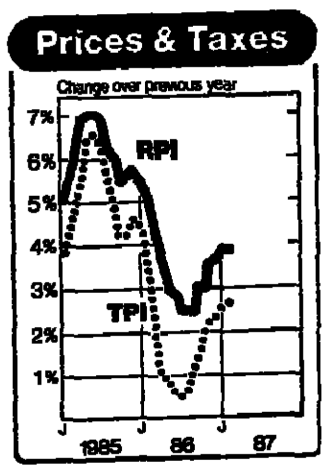
BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

BRITAIN'S ANNUAL inflation rate held steady at 3.9 per cent last month but is widely expected to move towards 5 per cent by the summer in spite of yesterday's cut in mortgage rates.

The Employment Department said that on the basis of its new index of retail prices, published for the first time yesterday, prices rose by 0.4 per cent last month. However, the annual rate of increase was unchanged from 3.9 per cent in January.

The new index takes this January as its baseline instead of January 1974, used previously. Also, to reflect changing spending patterns it incorporates changes in the basket *of goods and services used to* measure overall inflation.

Because the department no longer calculates price changes on the basis of the old index it is impossible to gauge precisely what effect the switch had no recorded inflation last *month*. However, government statisticians believe the impact would have been relatively minor.



Among the most important differences in the new index are broader coverage of insurance services; a reduced weighting for owner-occupiers' housing costs to take account of "equity withdrawal" from mortgages; and, better coverage of leisure spending.

The changes *follow the* recommendations of the independent Retail Prices Index *Advisory Committee* which oversees compilation of the official figures.

Mr Nigel Lawson, the Chancellor, this week accused the committee of lunatic behaviour in not radically changing the treatment of mortgage interest payments in the index.

Because the cut in the basic rate of income *tax, from 29p to 27p*, reduces the value of mortgage interest relief, it will add 0.12 points to the index even though most householders will be better off.

However, statisticians defend *this apparent paradox. They* say the index's purpose is to measure prices, not incomes or *living standards*, and that a cut in tax relief on mortgages does push up prices.

The Budget decision to freeze duties on fuel, alcohol and tobacco will help to curb upward pressure on prices in coming months, while if yesterday's fall in mortgage rates to 11.25 per cent becomes general it will take 0.36 per cent off the Retail Price index.

The Treasury is nevertheless forecasting that *annual inflation* will rise to more than 4.5 per cent in the summer, largely *because the year-on-year* comparison will reflect sharp falls in petrol prices and mortgage *payments* at the corresponding time last year.

The new index stood at 100.4 last month, with the rise in prices over the month *mainly* the result of higher prices for petrol, fresh vegetables, cars and car maintenance.

GDP up in final quarter, Page 4

Manchester council's leasing plan for buildings

By Andrew Taylor

MANCHESTER City Council is considering an extensive leasing deal to boost the city's finances involving £200m *worth of properties*, including schools, art galleries, historic buildings and an abattoir.

Money from the deal would be used to help maintain services, reduce rate and rent increases and stave off further cuts in central government grants, Mr Graham Stringer, leader of *the Labour-controlled* authority, said last night.

The council would lease the properties for at least 75 years to a property investment company, Manchester Mortgage Corporation, which it owns. The buildings would be rented back to the city under initially a 20-year lease, *with the first two years rent-free*.

Bank loans would be obtained against the security of the properties and guaranteed by the council. The proceeds would be invested and the interest used to offset current council expenditure. Manchester says total savings to ratepayers would be £36.5m in 1987-88 and £48.7m in 1988-89, equivalent to a 15 *per cent reduction in the* rates.

Several local authorities, particularly London boroughs, have implemented similar schemes, but none of the same scale as that being considered by Manchester.

Manchester council had debts of £871m at the end of March last year. The scheme would cost £3m to implement, including banking and brokerage *fees*.

Thirty-two civic buildings are among properties being considered. They include three libraries, three art galleries, two stately homes, five swimming pools, two theatres, two schools and an abattoir.

Manchester rates are expected *to rise* by about 20 per cent this year if the scheme goes ahead alongside other measures, including domestic rent increases of £1.50 a week, proposed by the council to reduce its exposure to penalties under the Government's block grant system.

This reduces central grants paid to councils by *£1.50 for* every £1 raised on the rates above a predetermined level.

The plans are due to be considered on Monday by the city's policy and resources committee and next Friday by the ruling Labour group.

News of the Manchester scheme coincided with confirmation yesterday by Mr Nicholas Ridley, Environment Secretary, of details of the rate support grant *settlement* for local authorities in England and rate limits for 20 authorities selected for rate capping.

It also emerged yesterday that moves to surcharge councillors in four Labour-controlled London boroughs for failing to set a rate until May or June last year look likely to be dropped.

In Liverpool, meanwhile, Sir Trevor *Jones, the new* Liberal leader of the city council, said the council was still trying to clarify last-minute spending commitments made by the 47 disqualified Labour councillors.

THE LEX COLUMN

That's the way the money goes

Whatever anyone else thought about the Budget, to the gilt-edged market it brought almost unalloyed bliss. As soon as the 1987-88 £4bn PSBR figure was announced the market started running and has not stopped since. Further encouragement came yesterday when the Bank of England did not announce a new tap. *Envelope backs* covered in arithmetic supported the theory that supply of new *stocks this year would be very* limited, while interest rate cuts and a sound exchange rate would boost demand. *A simple* equation — prices must go up.

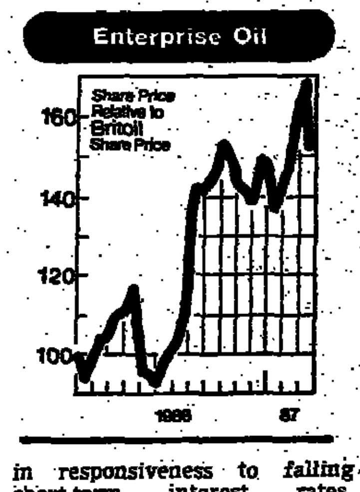
Perhaps that analysis is a little too simple, though. Also in the Budget was the news that the 1986-87 PSBR will turn out at around £4bn. So the PSBR is not really shrinking, it just feels as though it is because the market has been *expecting a figure nearer £7bn* for most of the past year. A lot is also made of the £2bn or so of next year's funding already tied up through partly paid gilt sales. In fact, the position was about the same this time last year, and in any case although the money is assured, the calls still have to be *paid, taking cash out* of investors' pockets. Added to that, redemptions in the next fiscal year will total around £8.4bn, part of which has already been bought in. The assumption is that all the money will be recycled into the market — but it might not be if the yields offered are much lower.

The reliance on foreign demand to push yields down towards 8 per cent is also somewhat shakily based. True, a German or Japanese investor *should find long gilt yields of* 8¾ per cent and a stable pound much more enticing than the *7½ per cent* offered by the US long bond combined with a weak dollar. But such flows are called hot money for a reason, and a sudden change in the fortunes of the pound or the Conservative Government could reverse the direction quickly. Everything looks rosy at the moment, but it would be wrong *to get over-excited.*

Equity yields

One consequence of a roaring market in gilt-edged is to narrow the gap between equity—and gilt—yields, which had been stretching to the farther limits of recent tolerance at around 7 *per cent. Try as equities may*, they cannot compete with gilts in responsiveness to *falling* short-term interest rates. Equity yields have none the less *dropped to a level seen only* once—fleetingly—in the past quarter century. The 3.00 per cent historic yield on industrials at which the market closed last night is lower than at any time since 1972, the peak of a notoriously feverish bull market.

Index rose 17.3 to 1598.9



The drawing of cautionary *parallels seems* unnecessary, or at any rate premature. The dividend yield on industrial equities is admittedly about a third below the rate of inflation, and is some way short of that on index-linked. But the record of dividend growth over the past few years has been sufficiently impressive to justify historic yields that represent a negative real return, and when the indices seem determined to *rise by 1 per cent per day*, the dividend appears only a minor part of the total gain to a holder. Moreover, as the blaring sound of brass in the gilt-edged market shows, nobody discounts a rapid resurgence of double-digit inflation.

Enterprise Oil

Enterprise Oil has, despite its youth as a quoted company, *mastered the art of massaging* away the worries of shareholders in the oil sector. "Cash position strong . . . cash outflow contained . . . no net debt . . . good cash results . . . overall financial strength" are just some of the phrases calculated to show that whatever other oil stocks the funds have in their *portfolios, they can lock away* this one and go to sleep. Not that Enterprise has been complacent itself. Cutting exploration expenditure in the second half to less than £7m was a formidable example of cost control, albeit assisted by like-minded joint venturers.

Yet the 1986 results now mean nothing more than one year's good stewardship. Aside from the unpredictability of the oil price and—just as important—the dollar, this year is to be transformed by the injection of ICI's oil assets. At current sterling oil prices the *combined forces* are capable of generating earnings per share of about 15p.

Although Enterprise, with RTZ waiting in the wings, is ever keen to impress, it would be wrong to count on an increase in the dividend. Very thin dividend cover should be the exception, in an exceptional year. At the proposed payout level, the shares at 257p, up 10p, yield 4.5 per cent. That is *not* enough for anyone who fears another landslide in the oil sector, but more than enough for those who believe that oil prices will finish the decade where they began it.

The £6m "provision against fixed asset investments" is the write down of the 4.9 per cent stake acquired in Tricentrol, when Tricentrol's share price was higher than Enterprise's. Now it is not much more than a third of the Enterprise price. How much more patient can a stalker be?

Dixons/Cyclops

To acquire a majority of *shares in a company and take* control is a perfectly normal sequence of events. And that is precisely what Dixons did when putting its own men on the board of the US conglomerate Cyclops after obtaining 54 per cent of the shares in a tender offer. Unfortunate then, that a contretemps with the SEC has forced Dixons to reopen its tender, a move which technically permits those who *accepted to withdraw the shares* on which Dixons had relied when moving into the boardroom. With a little luck, acceptances to the revived offer will outnumber withdrawals, permitting Dixons to reach the number of shares that the SEC holds to be necessary. But the curious turn of events does underscore the adage that not even the recommendation of an existing board is sufficient, in a *public US tender*, to ensure a smooth change of ownership.

SAS delays decision to buy US airliners

By Kevin Done, Nordic Correspondent in Stockholm

SAS, the Scandinavian airline, has postponed a decision on whether to go ahead with its $1.4bn (£874m) order for 12 McDonnell Douglas MD-11 long-range airliners.

The move will intensify battle between the US company and the European Airbus consortium which has offered its planned A-340 airliner.

The airline said it had delayed the decision because it needed further time to evaluate the Air*bus offer and because of* talks between the Scandinavian governments and the US on the possible liberalisation of bilateral air traffic agreements.

The outcome could influence the type *of* aircraft SAS would require for its transatlantic routes.

The McDonnell Douglas order was one of the main triggers for the US group's crucial decision to press ahead with production of the MD-11.

Mr Ulf Abrahamsson, SAS vice president for fleet planning said the airline was negotiating an extension of the options taken on the MD-11 beyond the *original termination date at the* end of the month.

According to the contract announced in December, SAS was to take delivery of the MD-11s between August 1990 and April 1992. The aircraft, representing SAS's biggest single aircraft investment, were to replace nine DC-10s and two Boeing 747s.

SAS said it needed "a few months," to carry out a technical evaluation of Airbus's aggressive A-340 offer. There was a marked difference in the nominal performance levels of the two planes, particularly on fuel consumption, said Mr Abrahamsson. The A-340, however, could not be delivered before mid-1992, two years later than the MD-111.

When the liberalisation talks began earlier this month in Washington following the Scandinavian Government's acceptance of low transatlantic fares, Denmark, Sweden and Norway submitted a radical proposal for a so-called "open skies" policy between the US and Scandinavia.

Gatt talks on *Airbus*, Page 2

Pension fund changes contested

BY ERIC SHORT

BUDGET proposals to impose severe restrictions on cash sum benefits available under company pension schemes are to be the subject of a *big pensions* industry campaign.

The industry believes that one of the proposed changes will force many employees in existing company schemes to *remain in their present jobs*, therefore reducing job mobility. Mr Chris Hatry, director (pensions) of Legal and General Assurance Society, Britain's largest pension company, made this point yesterday at the Financial Times conference on pensions.

His line was echoed by other sections of the pensions industry — consulting actuaries Bacon and Woodrow and R. Watson and Sons — and employee benefit consultants Towers, Perrin, Forster and Crosby *in their* Budget commentaries.

At present, company pension schemes allow employees to have a tax-free cash sum at retirement equal *to* 1.5 times their *final salary* — the Inland Revenue maximum — after 20 years service, instead of waiting 40 years, the usual qualification period for the maximum pension.

In the Budget, Mr Nigel Lawson, *the Chancellor*, proposed that pension schemes could only give enhanced cash *sums if* they also gave enhanced pensions. This is too costly for most pension schemes, and would mean that an employee would have to complete 40 years service in future to qualify for the maximum cash sum a disincentive to change jobs.

These considerations are likely to be of particular *importance to any employee* who has secured a pension mortgage on the basis of a full cash payment.

The second Budget proposal would impose a limit of £150,000 *on such payments.*

The proposals are intended to affect only new schemes and *employees* joining existing schemes on or after Budget Day (March 17). Existing members of schemes would still benefit under the old rules.

The Inland Revenue said the measures were primarily aimed at pension schemes for controlling directors and executives.

But Mr Hatry said they affected all employees and that the pensions industry plans to *alert* employees and client companies on the effects.

Two years ago, expectations *that* the Chancellor might change the tax structure of pensions provoked strong opposition from employees who made it clear that they prized the facility to take a tax-free lump sum.

FT pensions conference, Page 9

Gatt challenge to US fibre ban

BY QUENTIN PEEL IN BRUSSELS

THE 10-year legal battle over patent rights for super-strong synthetic fibres is set to trigger the latest trade row between the US and the EEC.

The European Commission yesterday challenged the US *Administration under the free*-trade rules of the General Agreement on Tariffs and *Trade, claiming unfair* discrimination against Akzo, the Dutch chemicals manufacturer.

The case centres on the battle for control of a potential $1bn (£625m) a year world market for aramid fibres, which are heat resistant, lightweight and said to be stronger than steel. They are used in aerospace, defence—including products like bullet-proof vests—and telecommunications.

Last December Akzo lost its appeal against a five-year ban on US sales of its product Twaron, which Du Pont, the US chemicals giant, claimed infringed patent rights it had on its own Kevlar fibre.

The Commission is to launch a disputes procedure under the Gatt rules on the legality of the US ban.

The move does not affect the patents dispute between the two companies under way in court cases in 10 countries. It is, rather, a challenge to the use of Section 337 of the US Tariff Act, which allows products to be banned from the US market if they are deemed to "destroy, substantially injure or prevent the establishment" of domestic industries.

Officials in Brussels say the law gives the US powers over EEC exports which exceed Gatt rules. They complain that European exporters do not have the same legal rights to defend themselves before the US International Trade Commission, the US Government agency which monitors practice, that they would have in normal US courts.

Trade war fears Continued from Page 1

graph and partly for security *reasons, he said.*

If it had won the licence as Japan's second telecommunications carrier, the Japanese consortium of which C and W is a part intended to build its own infrastructure and to participate in the cable project.

The other consortium was proposing simply to lease lines from Kokusai Denshin Denwa, the existing monopoly supplier in Japan, which has links with AT & T *of* the US.

Mr Solomon said C and W did not regard the merger as agreed and could not accept the terms of unification which had been discussed.

Peter Montagnon adds: The merger plan has come as an *apparent snub to Mrs Margaret* Thatcher, who had written to Mr Nakasone to express support for the C and W role.

Ministers say privately that the merger plan has created "considerable annoyance in very high places," but so far official reaction has been muted.

Downing Street said yesterday it was waiting for official communication of the merger plan details as well as a reply to the Prime Minister's letter before reacting. However, a spokesman refuted speculation in industry that the Govern*ment's slow response* reflected concern about the effects of retaliation on Japanese investment in Britain.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:		
Treas. 9pc '08	£34 1/16	+ 1 3/16
Alexon	282	+ 18
Armitage Bros.	170	+ 40
Atlantic Computers	475	+ 22
BSG Intnl.	75½	+ 7
BP	835	+ 19
BPCC	345	+ 14
Britoil	240	+ 12
Burmah	471	+ 14
Courtaulds	421	+ 11
Crown TV	68	+ 7
Empire Stores	244	+ 16
Enterprise Oil	257	+ 10
ICI	£13 1/16	+ ⅜
Headlam Sims	65	+ 9
House of Lerose	211	+ 15
LWT	900	+ 89½
Lex Service	394	+ 12
London Intnl.	306	+ 18
Lon. Merchant Secs.	90	+ 7
Parkland "A"	164	+ 9
Pilkington Bros.	758	+ 17
TV-am	373	+ 49
Ultramar	239	+ 28
Wellcome	497	+ 39
Woolworth	824	+ 15
Yorkshire TV	318	+ 36
FALLS:		
DBE	38	− 7
Mersey Dock Units	37	− 8½
Sumrie	49	− 6

WORLDWIDE WEATHER

UK today: Cloudy with rain in S. Sleet or snow showers in N. Outlook: Cold, showery.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	11	52	Dallas†	F	12	54	Madeira	C	16	61	Perth	S	28	82
Algiers	F	18	64	Dublin	F	5	41	Madrid	S	8	46	Prague	Sn	1	34
Amsdm.	C	3	37	Dbrvnk.	C	12	54	Majorca	C	10	50	Reykjvk.	C	−5	25
Athens	S	15	59	Ednbgh.	F	3	37	Malaga	S	20	68	Rhodes	S	15	59
Bahrain	S	23	73	Faro	S	17	63	Malta		—	—	Rio J'o		—	—
Barclna.	R	7	45	Florence	F	11	52	M'chstr.	F	3	37	Rome	F	14	57
Belfast	F	3	37	Frankft.	F	4	39	Melbne.	C	19	66	Salzbrg.	C	1	34
Belgrd.	F	14	57	Geneva		—	—	Mx. C.		—	—	S F'cisct	F	6	43
Berlin	F	3	37	Gibraltar	F	17	63	Miami†	F	16	61	Seoul	F	11	52
Biarritz		—	—	Glasgow	F	4	39	Milan	F	11	52	Singapr.	F	33	91
Bmghm.	F	4	39	G'msey	F	6	43	Montrl.†	Sn	1	34	S'tiago		—	—
Blackpl	H	3	37	Helsinki	Sn	−2	28	Moscow	C	−1	30	Stckhm.	C	1	34
Bombay	S	29	84	H. Kong	C	25	77	Munich	F	1	34	Strasbg.		—	—
Bordx.	F	9	48	Innsbrk.	Sn	1	34	Nairobi	F	28	82	Sydney	S	27	81
Boulgn.	F	6	43	Invrnss.	Sn	1	34	Naples	C	15	59	Tangier	F	16	61
Bristol	F	5	41	I.o.Man	S	4	39	Nassau		—	—	Tel Aviv		—	—
Brussels	C	3	37	Istanbul	S	11	52	Nwcstl.	S	5	41	Tenerife	C	19	66
Budpst.	R	5	41	Jersey	F	7	45	N Delhi	S	26	79	Tokyo	F	18	64
Cairo	S	19	66	Jo'burg	F	25	77	N York†	F	4	39	T'ronto†	F	0	32
Cardiff	F	4	39	L. Plms.	F	21	70	Nice	S	13	55	Tunis	C	17	63
Cape T.	S	20	68	Lisbon	S	13	55	Nicosia	S	15	59	Valencia	F	14	57
Chicago†	F	1	34	Locarno		—	—	Oporto	S	11	52	Venice	F	8	46
Cologne	Sn	4	39	London	F	7	45	*Oslo*	Sn	1	34	Vienna	C	4	39
Conhgn.	S	3	37	L. Ang.†	C	8	46	Paris	F	6	43	Warsaw	F	5	41
Corfu	R	11	52	Luxmbg.	C	−1	30	Peking	S	3	37	Zurich		—	—

C—Cloudy. Dr—Drizzle. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder. † Noon GMT temperatures.

Mortgage rates cut Continued from Page 1

rather to prevent other lenders reducing rates even more.

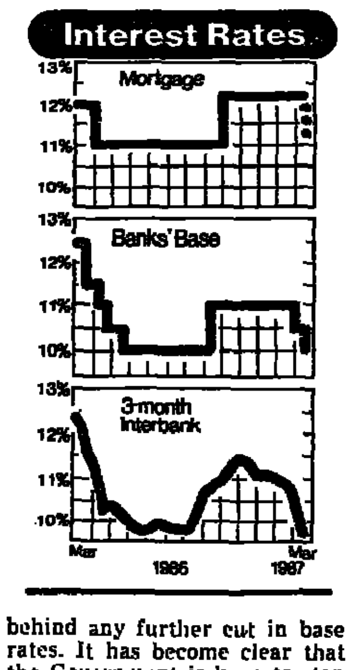
In recent months, societies have been having difficulty raising enough retail savings to fund the buoyant mortgage de*mand. They therefore do not* want to drop mortgage rates too much because savings rates will eventually have to follow, making their funding job even harder.

This message was reinforced by monthly figures, published yesterday by the Building Societies' Association, the industry's trade body.

These showed that societies raised only £472m net on retail markets in February, down from £793m net in the same month last year. This was not enough to fund net mortgage lending of £940m—a performance the association described *as disappointing.*

Janet Bus writes: Sterling ended a turbulent week yesterday on a relatively firm note and British money markets continued to anticipate a further fall in the banks' base lending rates to 9½ per cent.

The pound had met quite substantial profit-taking after the Budget, which was not surprising given its strong rally in the weeks before the Chancellor's speech. However, sterling found good demand at lower levels and confidence in further *gains remains.*



Sterling's performance is likely to be the key factor behind any further cut in base rates. It has become clear that *the Government is keen to stop* any strong further rise in the pound in order to maintain the *competitiveness won for British* industry from the fall in its value which took place last year.

Mr Nigel Lawson, Chancellor, said in the wake of the ½ percentage point cut in base rates to 10 per cent on Wednesday that he favoured a gradual approach to lowering the cost of borrowing.

The authorities are keen to control the pace of falls in interest rates and are likely to have been pleased with the calmer conditions on both the foreign exchange and domestic *money markets at the end of* last week.

The Bank of England's sterl*ing index closed yesterday* at 72.2, up on its opening of 72.0 but little changed from Thursday's closing 72.3.

The key three-month interbank rate was little changed *from Thursday at around* 9⅞ per cent.

On the equity market, the FT-SE 100 *index* closed 26.5 points up at all-time high of 2,017.5. The FT Ordinary index added 17.3 to 1,598.9.

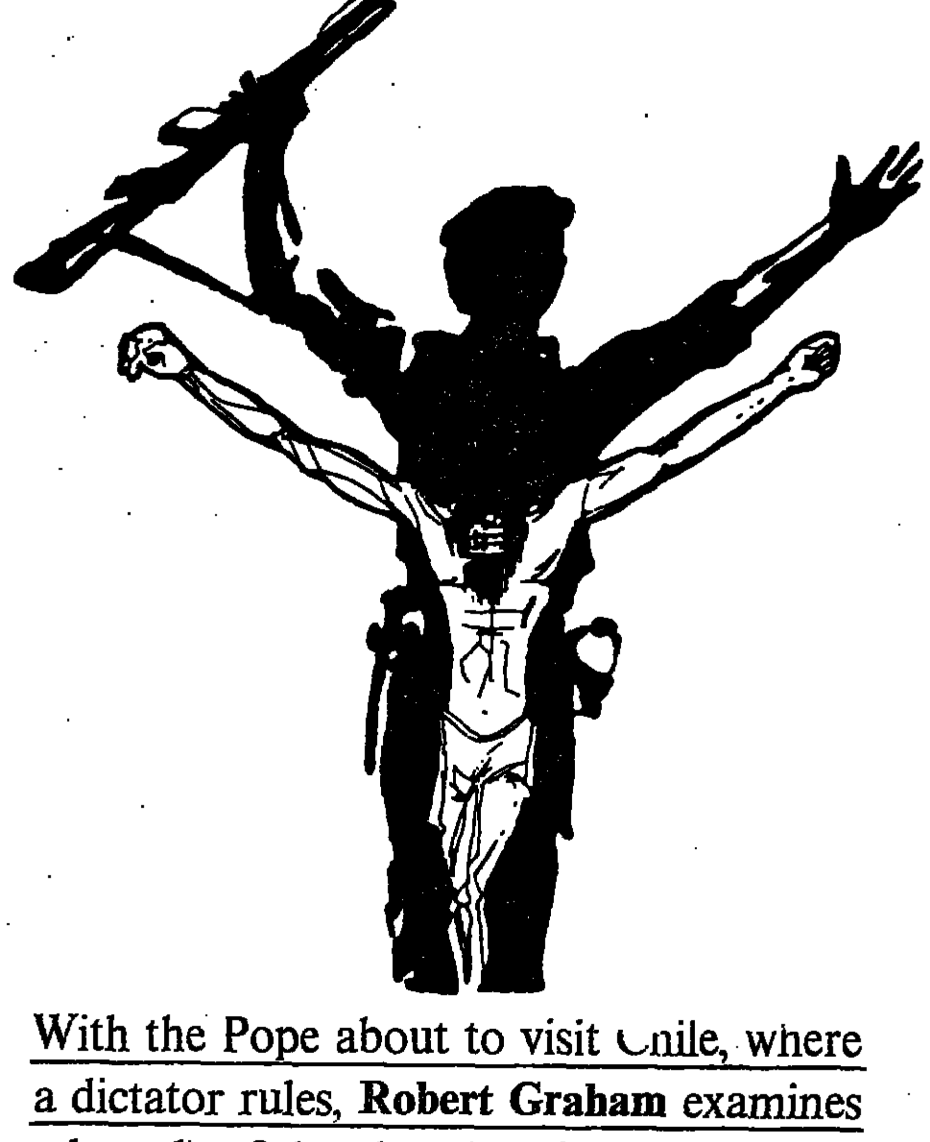
WEEKEND FT

هكذا من الأصل

Saturday March 21 1987

• MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV •

Where Christ is the guerrilla



With the Pope about to visit Chile, where a dictator rules, Robert Graham examines the role of the church in Latin America

THE white-robed figure of Pope John Paul II visiting foreign lands has become so familiar as to be almost taken for granted. The more he travels abroad, the less controversy his visits arouse, even in the case of his native Poland. However, he is about to embark on a visit to Chile which could prove one of the most political of his pontificate. Chile and Paraguay are the last two military dictatorships in Latin America. The country is still under a state of emergency, although the "state of siege" was lifted at the end of last year, as much as anything because the Vatican refused to go ahead with the papal visit while it was in force.

Although the Vatican maintains that the Pope's visits are pastoral, he cannot turn a blind eye to the political situation in Chile which directly affects the functioning of the Roman Catholic Church there. Last September, for instance, three French priests were expelled for alleged political activism in the slums of Santiago—part of a crackdown that followed the assassination attempt on General Augusto Pinochet, the Chilean leader. Meanwhile, Cardinal Juan Francisco Fresno, the Archbishop of Santiago, has been trying to establish contacts between the opposition and the Pinochet Government, denouncing with vigour the restrictions on basic freedoms.

In this climate, every act and pronouncement by the Pope will be carefully scrutinised. If his statements are too bland, they are liable to give comfort to Pinochet and his supporters, compromising the church's public identication with the oppressed. Yet, if the Pope is too forthright in criticising the regime, he will be seen to be endorsing political change. Previously, he has fought shy of mixing politics and pastoralism in a Catholic country outside the Communist world. However, both at a grass roots level and among church hierarchies around the world, there is a growing Roman Catholic political involvement which this conservative pontiff knows he cannot ignore.

For example, through the pulpit and local radio stations, the Catholic Church hierarchy in Haiti last year played a key role in fomenting, then mobilising, the wave of opposition which forced the end of the Duvalier dynasty. Likewise, in the Philippines the church helped to coalesce support behind Mrs Cory Aquino in the overthrow of President Marcos. The church is prominent in the move for greater democracy and observance of human rights in South Korea; and in South Africa it is at the forefront of the struggle against apartheid.

The political profile of the church is most evident in Latin America, which has 45 per cent of the world's Catholic population. Here, the movement to separate church and state, set in motion two decades ago, has gathered momentum from the activities of radical clergy combined with pressures for more democratic government.

The weight of the church in Latin America is not solely because 90 per cent of the region's 450m people are Catholic. The church has been active in most of these countries for more than four centuries, accumulating formidable institutional experience as well as establishing traditions that con[illegible] on the ethics of society. There are 34,666 diocesan priests in South America: nearly 50,000 when Mexico and Central America are added. Throughout the continent, 100,000 people work in Catholic religous orders. By comparison, there are 28,166 diocesan priests in all of Asia and 17,775 in Africa.

As an organisation, the church in individual countries is small. But it is well organised and is often present in remote areas where the state is not. It also can articulate views better and with more credibility than most politicians or political parties. Taken together, these various elements give the church a moral authority and a socio-political influence which even today's democratic governments in the region can ill-afford to ignore.

In the past, the church with rare exceptions aligned itself with governments and the military, making up a three-pillared establishment. This usually led to a cosy relationship whereby the church in effect supported those in political power in return for financial backing from government and the right to control a nation's education and morals.

The biggest single impulse to recast the church's role was set in motion by the Second Vatican Council early in the 1960s; and more particularly by Pope Paul VI, organising the Medellin (Colombia) conference of Latin America bishops in 1968. At Medellin, full Vatican backing was given to the separation of church and state; and in pastoral terms a new mission was mapped out—"a preferential option for the poor."

Behind arcane Vatican language, a clear directive was given for the church to dissociate itself from its damaging identification with ruling elites and to concentrate instead on the needs of the poor and oppressed who constitute the majority of the faithful. Medellin was a landmark because for the first time the church recognised that society contained conflict—with the implication that the church was required to take sides rather than cling to its traditional consensual role. A key force behind Medellin was a Peruvian theologian, *Gustavo Guttierez, who in 1971* published a book that daringly combined Marxist analysis with biblical teaching, giving birth to what subsequently became *popularised* as "*liberation* theology." Put crudely, this justifies individual action to eliminate social injustice.

The doctrine struck a responsive note, not just among intellectuals but also ordinary Catholics who had been attracted by the revolution in Cuba but who had reservations about Fidel Castro's openly Marxist views of a revolutionary struggle to achieve a just society.

For this new, radical, popular church, Christ the redeemer could also become Christ the guerrilla or revolutionary; and the individual was given greater freedom to decide his own course of action. Impetus to this identification of the church with the poor was given by a wave of priests coming to Latin America from Europe and North America; they were more active than their local counterparts and more willing to work with the poor.

Coincidentally, US President Jimmy Carter's emphasis on human rights provided an umbrella of political protection *and encouragement. Carter's stand in* making military and economic aid conditional on human rights observance made dictatorial governments far more sensitive to such issues.

With the exception of [illegible] pressure for greater [illegible] in politics has come [illegible] clergy and then spread [illegible] leaving a divided hierarchy. [illegible] those countries with low [illegible] of indigenous clergy have had the greatest changes: while countries where there has been strong local recruitment have remained conservative, as in Argentina, Colombia and Mexico.

By the end of the 1970s, the church found itself drawn more and more into conflict with governments. At the same time, the divide between the conservative hierarchies and the apostles of a *popular church widened.* The most striking example was the Sandinista revolution in 1979 which overthrew the Somoza dictatorship in Nicaragua. The revolution received support from a sizeable number of clergy and some bishops; *but later there was an open split between* those who believed Christianity and Marxism could co-exist in building a new Nicaragua, and those who believed *this task was outside the church's role.*

The split divided Latin American bishops and alarmed the Vatican—all the more so when three priests took *prominent* government posts (Father Miguel d'Escoto, foreign minister; and two brothers, Fernando and Ernesto Cardenal, as ministers of education and culture respectively). They still hold office despite a Vatican ban and in contravention of Article 285 of the Canonical Law which counsels against holding public positions that entail "participation in the exercise of civil authority."

In an open letter justifying his position, Fernando Cardenal wrote: "This revolutionary process in Nicaragua, in spite of the mistakes inherent in every human enterprise . . . is a process which places the interests of the poor above everything else. Politically, therefore, it is a legitimate translation of the Latin-American church's preferential option for the poor." He went on to say: "We are conscious of being the exception on the frontier of legally accepted practice in the church. We are not trying to make our situation a prelude to a generalised practice . . ."

Meanwhile, the Nicaraguan church hierarchy, backed by the Vatican, has distanced itself from the Sandinistas, claiming persecution. Last July, Bishop *Antonio Vega* was expelled from *the* country for publicly backing the Contra rebels.

With the advent of Pope John Paul II, the Vatican began to voice public concern that the church in *Latin America* risked a dangerous split because its politicisation had been pushed too far. *He appointed German Cardinal Joseph* Ratzinger to head the Vatican's Congregation of the Doctrine of the Faith, the body responsible for orthodoxy. Cardinal Ratzinger then launched a systematic attack on the proponents of liberation theology and the popular church, whose most eloquent exponent had become the Brazilian, Leonardo Boff. Significantly, Boff had the backing of the powerful Brazilian Bishops' Conference. In 1985, the Vatican roundly rejected Marxist analysis and pointedly sanctioned Boff to a year's "silence."

The Vatican's stance revived in more acute form the debate set in motion by Medellin. Should the role of the church be purely pastoral, limited to the narrow confines of spiritual need? Or should the church exercise a wider moral and social responsibility, helping its flock *tackle pressing problems of national life* —the distribution of wealth, land reform, unemployment, human rights and the nature of government?

The answer from the ground has been that, in the developing world of Latin America, religion cannot easily stay aloof from politics without having its pastoral role compromised. An uncomfortable reminder of this was the assassination by right wing death squads in 1980 of Archbishop Romero, the primate of El Salvador, for speaking out against social injustice. He had argued that violence inevitably was fostered where the institutional structure of society operated to the benefit of a minority against the common good.

Belatedly, the Vatican adopted a more realistic view of this dilemma. In a conciliatory gesture, the ban of silence imposed on Boff was lifted before the *year was out. More importantly, when* the Pope visited Colombia last July he held out an olive branch to the radical clergy. "We must recognise the usefulness and necessity of a theology of liberation . . . which should develop in concert with the theological tradition of the church and in accordance with its social doctrines," he declared. This was backed up by a new Vatican instruction on Christian Freedom and Liberation which said, among other things, that it was "perfectly legitimate for those who suffer oppression on the part of the wealthy or politically powerful to take action." It also maintained that private property rights were subordinate to "the higher principle which states that goods are meant for all."

This doctrine appears, for instance, to justify the activity of Archbishop Riva y Damas, the primate of Salvador, in acting as an intermediary between the government and the left-wing rebels in peace negotiations; for Cardinal Fresno in Chile being the catalyst in elaborating a platform of demands by the Chilean opposition for a transition to democracy; and for Brazilian bishops backing their priests who have been active in a vicious war between peasants and landlords over land reform. However, it still leaves a huge grey area without precise instruction where religion and politics *merge* and where the Vatican is accused by some of not understanding or accepting the political consequences of its *religious teaching.*

The language of the radical priests in Brazil while calling for land reform is *little short of revolutionary (last year,* more than 260 people were killed by landowners' gunmen, including one priest). Backing for a fair distribution *of land, including the needs of over 1.4m* landless peasants, clearly implies support for a new model of society.

But the most political test in Latin America today is in Chile, where the church has become increasingly concerned over the polarised atmosphere caused by Pinochet's refusal to promise a transition to democracy, and has raised its voice against the absence of basic freedoms.

On January 27, Father Guido Peeters, a Belgian priest who had worked for more than 15 years in the slums of Santiago, was kidnapped by three masked armed men and one woman who beat him up and photographed him. Peeters, who had braved previous death threats and attacks — including automatic weapons fired last year at the San Cayetano church where he worked — finally broke down and returned to Belgium. He is the fourth foreign priest to have been forced out of Chile in less than a year.

Despite all this, Pinochet continues to shroud his anti-Communist authoritarian views in openly Catholic values. He would be profoundly embarrassed by an open split with the church. Archbishop Fresno, the primate, has sought to avoid such a break on the grounds that it would be outside his role as church leader, and in the hope of acting as a bridge between opposition and government. But it is an open question how much longer this position can be sustained if Pinochet persists in keeping power.

The Pope is due in Santiago on the afternoon of April 1, and the following morning will see Pinochet for 90 minutes. Pinochet usually begins his meetings with visiting dignitaries by warning them that Chile does not accept any foreign intevention in its internal affairs. What he and the Pope—who is expected to deliver a strong human rights message—will say to each other is anyone's guess.

Of course, there are cynics who argue that the Pinochets of life are temporary phenomena while the church is permanent and has merely to sit tight and wait. But this ignores recent history in Latin America, where pastoralism and politics unavoidably share the same bed. Today, it seems that any separation is possible only where reasonable social justice and political stability exist.

The Long View

Looking on the bright side of debt

Michael Prowse argues that the Third World's debt crisis has been the cause of a beneficial change in attitudes both in the rich North as well as the poor South

IT SOUNDS crass and callous to say so, *but there is a bright* side to the Third World debt crisis. How can this be, you might ask, when Brazil and other *smaller debtors* are considering default more seriously than ever before, and when much of the Third World remains mired in quite deperate poverty?

Don't I know that the meanness of bankers has forced Latin America *to transfer real* resources to richer countries on a scale that dwarfs the reparations imposed on France after the *Franco-Prussian* war, and on Germany after the First World War?

The cause for optimism—and it is only optimism *for the* longer-term—is that the cold shower of the debt crisis has prompted what amounts to a revolutionary *change in* attitudes towards development in both the rich North and the poor South. The change in attitudes on both sides means that, if the debris of yesterday's debt can somehow be swept away, the prospects for sustained growth in developing countries are better than at almost any point in the post-war period.

Consider, first, the changes wrought in the First World. The most far-reaching is the new conventional wisdom that macroeconomic policy strings should be attached to the provision of long-term development capital. This is one of those ideas which is so utterly obvious and sensible that it is astonishing, with hindsight, that it was not coined and acted upon decades ago.

The old, and eventually disastrous, approach was to tie lending to specific capital projects on the facile assumption that a greater volume of investment would automatically result in faster economic growth. Commercial banks were *even sillier* than development agencies, handing out loans on demand with little interest in the uses to which they would be put.

The implicit assumption in the development business was that to link the provision of capital to economic policy reforms would be to trample unacceptably on the sovereignty of Third World borrowers.

This fastidiousness cost the developing nations dear. It ought to have been obvious that financing a myriad of separate investment projects—even if individually sensible—could not amount to a coherent development strategy. The Third World ought now to be grateful that, with the advent of "growth-orientated structural adjustment lending," the industrialised world is taking a much more responsible interest in its macroeconomic policies — and, for that matter, its approach to efficient resource allocation throughout the economy. All this augurs very well for Third World growth in the long run.

So, too, does the quite remarkable change of attitudes in much of the developing world. Ideological baggage carried proudly since the early 1950s is being unceremoniously junked. World Bank officials declare themselves amazed at the speed with which market-orientated poliices have been embraced in parts of Africa and Latin America. The shock of the debt crisis is accomplishing an intellectual revolution that might otherwise have taken decades.

Two changes are particularly significant. The first is the growing acceptance that inward-looking development strategies which encourage import-substitution are badly flawed. A deliberate policy of making production for home markets more profitable than production for overseas markets left Latin America in 1979 with an export-to-GNP ratio of just 13 per cent. This was a hopelessly inadequate export base from which to service foreign debts almost regardless of interest rate and commodity price trends.

The East Asian model of export-led growth is now more popular. It can pay dividends for Latin America even against a backdrop of sluggish OECD growth. This is because develop*ing countries' exports of manu*factures account for no more than 2 per cent of the First World's consumption of such *goods. By improving, quality* and becoming more competitive on price, the Third World can increase its market share and, *hence, overall sales.*

The other significant change is reduced confidence in the public sector as a vehicle for growth and development. This is evident in the spread of privatisation and in the often spirited efforts to slash public spending and borrowing. It reflects a pragmatic acceptance that the state is unlikely to be an effective economic manager in countries which suffer a lot of corruption and lack a large cadre of highly-educated public servants.

It also reflects a realisation that the debt crisis is at root a problem created by uncontrolled public sector expansion. Raising export earnings to a higher multiple of interest due *is not in itself a solution*, because most of the debt is owed by governments and most of export earnings are owned by the private sector.

The problem for Third World governments is to raise enough revenue to pay off the creditors, not just to raise exports. It is not surprising that countries have had to resort to hyper-inflation to extract resources from the private sector.

If attitudes and policies in both the developing and developed worlds have changed for the better, why is there still such a huge financing gap confronting the debtors? Part of the problem is that commercial bankers are like men running with their heads screwed round backwards. They are so obsessed with the mistakes of the 1970s that they cannot see that prospects for the 1990s have potentially improved greatly. The difficult task for governments and organisations like the World Bank is to try to hold the fort until the bankers begin to see reason.

In the meantime, smart debtors will seek to bypass the bankers by wooing portfolio and direct equity investment. *Relative to GNP, they will note*, Canada is as reliant on external finance as Brazil. It also happens to be stable and independent. The reason? Bank and other debt have comprised a much smaller fraction of the inflows.

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• MARKETS •

Gilts have a hero

NIGEL LAWSON had barely returned to his seat after Tuesday's Budget speech before prices of the longer-dated stocks were on the rise. On Tuesday, they added almost two points. On Wednesday—in the face of the reduction in bank base rate from 10½ to 10 per cent—another one and a half.

By Thursday, prices paused for breath in early trading, but by the close the yield on high coupons was still firmly under 9 per cent, with many analysts forecasting 8.5 per cent in the not too distant future.

Reasons for the enthusiastic response are plain enough: Mr Lawson expects to hold the public borrowing requirement to £4bn—some £3bn less than originally predicted. That, according to most analysts, cuts the required level of net gilt sales to £200m a month, or nearer £100m after calls on stocks already sold are taken into account. And—with sterling still firm in the wake of Wednesday's base rate cut—the prospect of further trimming of interest rates is already being discounted.

Equities' response to the Budget was more measured. The initial push was upwards—sending the market to new record levels—though by Tuesday evening some profit-taking had set in. On Wednesday, the pound's strength told on international stocks like ICI *and Jaguar, while news of com*petition on the anti-Aids front sent Wellcome some 36p lower at 461p.

On Thursday, it was much of the same—not helped by news of the Government's plans to sell its remaining 32 per cent stake in oil giant, BP, during 1987-88. Not until Friday morning did sterling show signs of a setback and, in the wake of Wall Street's rally, the market picked up. By Friday's close, the FT-SE 100 share index was standing at 2,017.5, a 17.5 point gain on the week.

In theory, the Budget should have brought its own winners and losers. In practice there was little to excite anyone—and the general boost to consumer spending from the tax cuts had been amply anticipated.

The absence of any hike in excise duty on beer or spirits brought early gains to drinks shares, but that ebbed away as the week wore on. Not so at Morland, the small Oxfordshire brewer: broker's talk of a property revaluation, and assets worth 700p a share, sent the price bubbling to 550p—a 40p rise on the week.

BP itself eased 12p to 816p on the initial announcement of the share sale, valuing the *entire stake at about £4.7bn.* Come Friday, much of that loss was being regained as the City warmed to the disposal and realised that the shares might well come in partly-paid form.

The cut in interest rates, followed on Friday by news that mortgage rates are set to fall, was grist to the housebuilders' mill. Even, so, it did little to help Barratt Developments, whose shares fell 13½p to 184p on *Thursday, despite news of a* 67 per cent increase in first half profits to £12.5m.

City expectations had been riding at around the £15m-mark, and full-year estimates are being scaled to around £35m, suggesting a prospective pe of around 14. In the face of planning delays plus a reduction in unit sales in Scotland, completions fell from 3,700 to 3,300 during the six months: the full year figure could be 8,000.

But most analysts are low looking to 1987-88 where Barratt itself suggests that it is on target for a return to the record £50m scored in 1983. With the Californian side fast-improving, and gearing at a more-than-respectable 25 per cent, the prospective p/e on 1988 earnings could drop to nearer 9.

There was little enthusiasm for Turner and Newall either, which accompanied a £5.1m profits improvement to £44.7m pre-tax in 1986 with a one-for-six cash call, raising £71.7m.

Following the successful six-month struggle for control of engineering group AE and the assumption of its prize's own debt, T and N's borrowings stood around £234m by the end

London

of February. Even by the end of 1986, gearing had reached 59 per cent, almost three times the level a year ago.

Turner's own figures—AE was only under its control of the last three weeks so separate accounts were provided—showed a fairly broad-brush improvement, with trading profits in engineering up 25 per cent though more modest gains on the automotive components side. The exception was the Zimbabwe mining business whose trading contribution dropped £2.7m to £6.3m. Asbestosis claims remain positive with another £1.8m reclaimed from the company's insurers. More ,apparently, may be on the way.

With the market still fairly convinced of the sense of the link-up, analysts reckon the combined group could be heading for around £80m pre-tax in the current 12 months, putting the shares on an emminently reasonable p/e of around 9.5.

Still on the engineering front, the fast-growing conglomerate, Williams Holdings, met happier response when it reported more than trebled profits at £22.9m in 1986—the shares were marked up 10p to 738p. That, *of* course, partially reflects three major acquisitions — Fairey Engineering, Duport and London and Midland Industries—which doubled the group's size. Just what the organic growth worked out at was less clear,

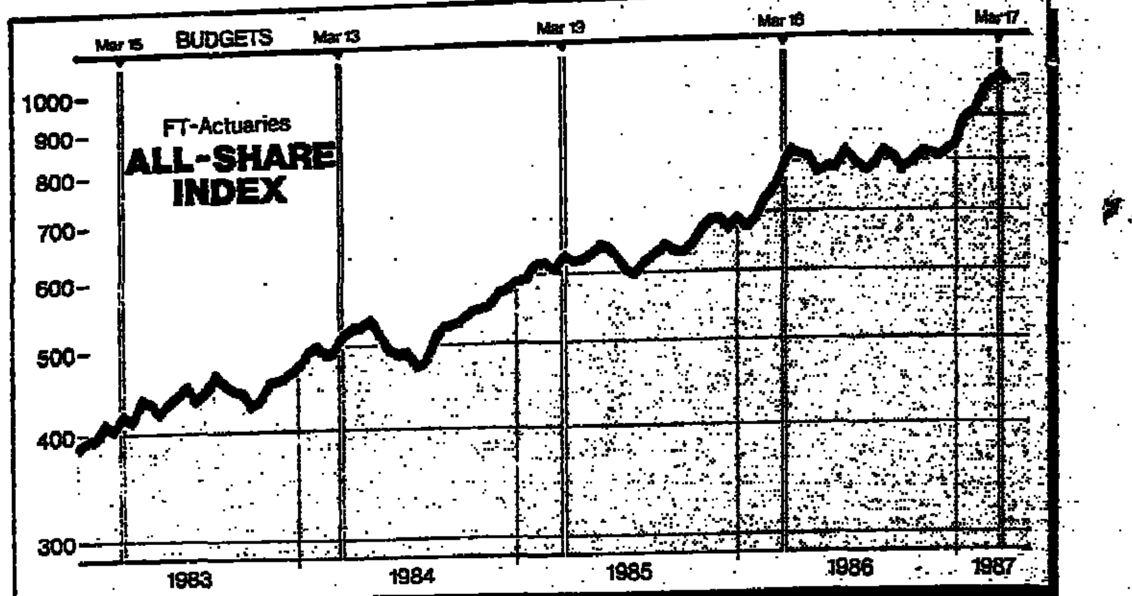
Over on the bid front, more matters seemed to be resolved than started. Baker Perkins finally fell to welcome arms *of APV, with Mr Robert Max*well's Hollis Group — a mooted rival predator — finally declaring that it would back the deal in respect of its 10 per cent holding.

And the off-on talks between Woolworth and Underwoods are finally off, which sent Underwoods shares tumbling. By the end of the week they were almost 50p down of the mid-week level of 255p.

Beleaguered construction and healthcare group, London and Northern, had no such luck. In spite of mid-week agreement on a new demerger plan and capital injection just days after the formal Demerger Two offer lapsed, the board failed to prevent Evered Holdings, the acquisitive industrial conglomerate headed by the Abdullah brothers, from unleashing a £99m cash or shares bid for the group. If successful, Evered will effectively double in size. Its shares dropped 17p to 223p on the news.

One blessing — Evered intends to keep its offer to a 21-day period, assuming no other proposals hit the table. After a three-month tussle with Demerger, even L and N might be grateful for that.

Nikki Tait



HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1986-87 high	1986-87 low	
FT Ordinary Index	1,598.9	+ 15.0	1,613.5	1,094.3	Budget proposals largely discounted
Birmid Qualcast	217	− 28	276	84	Hepworth Ceramic sells stake
British Telecom	260	+ 16	278	178	Re-nationalisation fears fade
Britoil	240	+ 36	240½	101	Dividend cut less than feared
Centrovincial Estates	310	+ 35	320	168	Recommended offer from Gilbert House
Collins (Wm) A	555	+ 45	555	288	L. Messel and Co recommendation
Courtaulds	421	+ 38	421	191	Revived institutional interest
Erskine House	228	+ 27	228	136	US expansion moves
Fields (Mrs)	222	+ 34	222	105	Hopes of further expansion
Garnar Booth	256	+ 40	258	145	Agreed merger with Pittard
Glynwed International	420	+ 24	421	194	Broker's recommendation
Helical Bar	675	+125	678	56	Persistent buying
LWT	900	+216	909	263	Excellent results
Lex Service	394	+ 35	398	268	Persistent investment demand
New England Properties	71	+ 18	71	14	Recent change of control
Rothmans International	263	+ 29	263	127	Seeking large N. American acquisition
Tyzack (W. A.)	113	+ 30	113	31	Share stake changes hands
Underwoods	213	− 45	264	157	Woolworth bid talks terminated
Wardle Storeys	473	+ 40	490	209	Speculative demand
Western Motor	280	+ 74	305	75	Offer from Messrs Palmer and McNeil

With special effect

THE off-again, off-again negotiations between **Woolworth Holdings** and Underwoods may have produced a negative result, but they have given some indication of the direction the retailer is moving in.

Next Tuesday, when Woolworth announces preliminary results for the year to January, the group will almost certainly be singing the praises of its existing specialist retail operations—the B&Q do-it-yourself centres, Comet electrical stores, Kids Stores and the instore Operation Focus.

The City is looking for £105m pre-tax, a one-third increase on last year's £78.6m.

Tuesday's results from **Coats Viyella** will be the first full-year figures since the merger of Coats Patons and Vantona Viyella in March 1986.

Pre-tax profits of £175m are expected, compared with £151m calculated on a pro-forma basis *for the same period in 1985.*

Results due next week

Earnings per share will rise from 36p to about 44p.

However, analysts qualify their forecasts by saying that the effects of merger accounting means a wide margin for error.

After **Lucas Industries'** unexpected good news at the interim stage a year ago, there is no consensus about what may emerge next Thursday. Forecasts range from a bare improvement over last year's £38m pre-tax to more than £50m. At the lower end, a higher tax charge could contribute to a slide in earnings per share of as much as 20 per cent.

Aerospace will continue to increase its disproportionate share of profits, but with demand for commercial vehicles showing no signs of a pick-up, motor components will be hard pressed to find a silver lining.

BAT Industries, which publishes its 1986 figures on Wednesday, is expected to show strong profits growth after the disappointments of 1985. Analysts are looking for about £1.36bn at the pre-tax level, against £1.168bn last time.

Tobacco, the core business, will probably be only slightly ahead, but Argos continues to make excellent progress.

Neither **Prudential Corporation's** thrust deep into the UK's estate agency business, nor its relaunch with a new image last year have done much to inspire interest from investors. On Tuesday the Pru should report 1986 pre-tax results of about £140m, according to analysts at Wood Mackenzie, up from £137.7m for 1985.

More to the point, however, *Wood Mac forecasts a jump to £189m for 1987.*

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Abbeycrest	Tuesday	—	1.5	—
Alida Holdings	Tuesday	2.1	4.3	2.2
American Trust	Monday	1.1	1.9	1.1
Arlington Securities	Thursday	—	0.7	—
ASD	Thursday	4.0	4.0	4.0
Asset Trust	Thursday	0.5	0.2	1.0
Associated Book Publishers	Wednesday	2.1	3.5	2.2
Automated Security	Wednesday	0.5	0.9	0.6
Babcock International	Wednesday	3.6	3.9	4.0
Banro Industries	Wednesday	1.5	4.3	2.0
BAT Industries	Wednesday	4.7	7.3	5.5
Bemrose Corporation	Wednesday	1.0	4.0	3.0
Berkeley and Hay Hill	Monday	—	—	—
Bestwood	Tuesday	—	6.0	—
Bilston and Battersea Enamels	Monday	—	—	—
Boddington	Friday	1.3	1.9	1.4
Booker	Monday	4.2	7.7	4.7
Botswana RST	Tuesday	—	—	—
Bowthorpe Holdings	Wednesday	2.3	4.7	2.7
Bredero Properties	Monday	—	—	1.5
Brent Chemicals	Monday	0.8	3.3	1.0
Bridon	Wednesday	1.5	3.5	1.5
Briket Group	Tuesday	1.5	2.5	1.7
Britannia Arrow	Wednesday	1.2	3.0	1.8
Britannic Assurance	Wednesday	9.5	20.3	11.0
British Aerospace	Tuesday	5.8	10.0	6.4
Bryant Holdings	Tuesday	1.2	2.5	—
Candover Investments	Tuesday	—	4.0	2.0
Canning, W.	Thursday	1.1	2.4	1.2
Central Independent TV	*Thursday*	2.5	4.0	—
Cliffords Dairies	Tuesday	2.5	4.7	3.0
Clyde Petroleum	Tuesday	—	1.5	—
Coats Viyella	Tuesday	4.0	8.0	4.5
Combined Lease Finance	Monday	—	—	0.4
Comcap	Thursday	0.6	0.9	0.7
CPU Computers	Tuesday	—	—	—
Croda International	Thursday	3.0	4.0	3.0
Davidson Pearce	Tuesday	—	1.5	1.2
Davies and Metcalfe	Monday	0.5	1.5	0.6
Delta Group	Wednesday	2.3	4.1	2.6
Derwent Valley	Monday	15.0	70.0	0.7
Eadie Holdings	Tuesday	—	—	—
Early's of Witney	Monday	0.4	1.4	0.3
Forward Technology		—	0.5	—
Freemans	Monday	—	—	—
Garfunkels Restaurants	Tuesday	0.2	1.0	0.2
Gibbs and Dandy	Wednesday	—	1.8	—
Hall Engineering	Tuesday	3.6	4.7	4.0
Hambro Countrywide	Tuesday	1.6	3.0	—
Hickson International	Monday	5.0	10.0	5.3
Ibstock Johnsen	Wednesday	1.5	3.3	1.7
Iceland Frozen Foods	Tuesday	1.1	2.2	1.2
IMI	Monday	2.2	3.0	2.5
Isle of Man Enterprises	Monday	—	4.5	—
Jacobs, John I.	Thursday	1.4	2.2	1.4
Johnson Group	Tuesday	4.2	—	5.0
Jourden, Thomas	Tuesday	1.0	2.6	1.2
Keep Trust	Wednesday	1.8	2.6	2.2
Linread	Monday	1.0	1.5	1.0
Lopex Communications	Tuesday	—	—	1.8
Lowe, Howard-Spink and Bell	Wednesday	2.0	4.0	2.7
Macallan-Glenlivet	Friday	1.0	2.3	1.0
Matthews, Bernard	Wednesday	0.9	1.8	1.2
Maunders, John	Wednesday	2.2	2.4	2.6
Metal Closures	Thursday	2.2	4.5	2.2
Northern Engineering	Wednesday	1.6	3.6	1.6
Ocean Transport and Trading	Wednesday	2.5	3.9	2.9
PE International	Thursday	—	—	—
P & O	Tuesday	6.0	10.0	7.5
Pendland Industries	Monday	0.2	0.6	0.2
Prudential Corporation	Tuesday	9.0	17.0	10.0
Relyon Group	Wednesday	1.85	3.0	1.8
Rockwood Holdings	Tuesday	0.5	0.5	—
Rohen Group	Tuesday	5.8	6.9	2.4
Ryan International	Monday	—	—	—
Sanderson, Murray and Elder	Thursday	—	4.6	
Second Market Investments	Friday	—	0.1	—
Silkolene Lubricants	Thursday	3.0	3.0	3.0
Smith and Nephew	Wednesday	—	—	—
SPCA Holdings	Monday	1.6	3.0	1.6
Spring Ram Corporation	Monday	0.3	0.6	0.3
Stag Furniture	Wednesday	1.7	3.7	1.7
Standard Chartered	Tuesday	10.5	20.0	12.5
Stanley, A. G.	Wednesday	1.0	1.5	1.5
Steel Burrill Jones	Wednesday	2.0	5.0	2.4
Steetley	Monday	5.0	8.0	5.5
Sumit plc	Monday	—	—	—
Tibbett and Britten	Tuesday	—	—	—
Trade Indemnity	Tuesday	1.4	1.8	1.8
Trinity International	Tuesday	4.2	10.8	5.0
United Newspapers	Thursday	6.0	10.0	6.0
VG Instruments	Wednesday	0.7	1.8	1.2
Willis Faber	Tuesday	5.0	6.2	3.5
Wolstenholme Rink	Tuesday	2.5	5.2	2.7
Wood, Arthur and Son (Longport)	Thursday	—	2.6	—
Woolworths	Tuesday	3.0	7.0	5.0
INTERIM DIVIDENDS				
Alva Investments	Tuesday	1.3	1.0	
Arenson Group	Tuesday	0.4	0.7	
Armstrong Equipment	Monday	0.7	2.0	
Bridport-Gundry	*Monday*	1.6	4.6	
Chambers and Fargus	Tuesday	—	1.2	
Close Brothers	Tuesday	2.8	5.2	
Cooper, Frederick	Thursday	—	—	
Lucas Industries	Thursday	—	13.0	
Magnetic Materials	Monday	—	1.8	
Molins	Thursday	2.2	5.7	
Pifco Holdings	Friday	1.8	4.0	
Prossac Holdings	Tuesday	0.7	1.8	
Really Useful Group	Thursday	3.7	7.5	
Tricentrol	Wednesday	4.0	1.0	—
Sheldon Jones	Thursday	1.3	3.3	
Tay Homes	Tuesday	1.5	3.7	

* Dividends are shown net pence per share and are adjusted for any intervening scrip issue.

T & S Stores recorded pre-tax profits of £1.80m in 1986-87 and £1.22m in 1985-86. This corrects figures given in last Saturday's FT.

Cookies could crumble better

TO MANY investors Mrs Fields, the US cookie company, has come to epitomise the USM: for good and for bad. Last year the omens for Mrs Fields were all bad: this year they are rather better.

Mrs Fields arrived on the USM last May. The issue was the largest that the second market had seen—and one of the most spectacularly unsuccessful. The flotation flopped. So did the Mrs Fields share price, falling from 140p at the flotation to a nadir of 105p.

Earlier this year, after a succession of bullish brokers' comments, sentiment changed. The share price has risen steadily through 1987: it rose further last week to almost 220p, when pro forma preliminary profits of $18.8m sailed past the company's prospectus forecast.

Mrs Fields now operates more than 400 cookie stores. Thus far its growth, gleaned in the US, has been fuelled by the hectic pace of store openings. But a cookie outlet "matures" after little more than a year. Mrs Fields is in the throes of augmenting sales with the addition of new muffin, candy and cinammon roll products. Yet it can only rely on the US business for another two or three years of growth at the present frenetic pace.

In the longer term the company must look overseas for growth. It has established units in Australia, Canada, Hong Kong, Japan and the UK. All five international operations broke even for the first time in the final quarter of last year. By late 1988 each should have *established the nucleus of 30* units necessary to effect the economies of scale needed to nurture the same profit margins as the US business.

Profits for 1987 are expected to rise to $27m. The shares may seem superficially expensive on a prospective p/e of 23, yet one of the problems hovering over Mrs Fields' prospects—a rapid rise in the taxation rate—has been tempered by the recent US tax reform. And Andrew Holland of County Securities would be happy to see the shares rise to at least 250p.

Junior Markets

The progress of Interlink, the overnight parcels delivery service, on the USM has been *rather happier than that of Mrs* Fields: Interlink's prospectus told a rather rocky story. The company's founder, who began his career as a motorcycle messenger, became a millionaire when Interlink went public, but fell foul of an uninsured fire and the VAT man along the way.

Yet Interlink is exactly the type of entrepreneurial venture that USM investors enjoy. The flotation was healthily over-*subscribed and the shares have* soared from the issue price of 185p, rising to more than 360p after the announcement of interim profits of £2.1m last week.

The parcels delivery industry is fractured by merger and acquisition activity. Interlink has benefited from this by bulding up new busines. The number of consignments handled each night rose from 4,160 to 6,200 in the first half, and has already risen to 7,200 in the second.

Interlink is now in the throes of augmenting its middle management team. It has introduced a replica service in Ireland, which should break before the end of the year and is also involved with feasibility studies for similar services in West Germany and the US.

Investment in management may hinder profits growth in the present year—so could a possible expansion of capacity *next year. Yet analysts are con*fident that the company will produce profits of at least £4.5m this year, and even on a prospective p/e of 20 Roger Hardman of James Capel is optimistic about the shares. The only problem is the shortage of shares to buy.

Acquisition activity centred on the property sector. The first deal came from Gilbert House which emerged as the fastest rising share price on the USM last year after a reverse takeover by Somportex, Nigel Wray's confectionery and distribution group.

Thus far the rise has been fuelled by speculation. On Thursday Wray offered something more tangible by embarking upon an agreed £70m bid for Centrovincial, the fully listed property group. Thus, in less than a year, Wray has reversed onto both the USM and the main market.

Meanwhile the Local London Group, which develops business centres in central London, has watched its shares soar from a placing price of 135p to a high of 630p since its debut in September. Last week it mounted an ambitious £40m recommended bid for Standard Securities, a fully listed property investment company.

The bid makes sense commercially in that Standard's portfolio includes eight pro*perties capable of conversion* into business centres; and financially in that it will boost Local London's net assets per share from 84p to 315p.

Alice Rawsthorn

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 29%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	4.00	4.07	3.15	2.29	monthly	1	—	0-7
High interest cheque	6.20	6.35	4.92	3.57	quarterly	1	1,000-4,999	0
Three-month term	6.31	6.46	5.00	3.64	quarterly	1	2,500-25,000	90
BUILDING SOCIETY†								
Ordinary share	6.00	6.09	4.72	3.43	half yearly	1	1-250,000	0
High interest access	7.75	7.75	6.00	4.37	yearly	1	500 minimum	0
High interest access	8.00	8.00	6.20	4.51	yearly	1	2,000 minimum	0
High interest access	8.50	8.50	6.58	4.79	yearly	1	5,000 minimum	0
High interest access	8.75	8.75	6.78	4.93	yearly	1	10,000 minimum	0
90-day	8.75	8.94	6.93	5.04	half yearly	1	500-24,999	90
90-day	9.00	9.20	7.13	5.18	half yearly	1	25,000 minimum	90
NATIONAL SAVINGS								
Investment account	11.75	8.34	6.46	4.70	yearly	2	5-100,000	30
Income bonds	12.25	9.27	7.18	5.22	monthly	2	2,000-100,000	90
32nd issue‡	8.75	8.75	8.75	8.75	not applicable	3	25-5,000	8
Yearly plan	8.84	8.84	8.84	8.84	not applicable	3	20-200/month	14
General extension	8.70	8.70	8.70	8.70	quarterly	3	—	8
MONEY MARKET ACCOUNTS								
Money Market Trust	7.66	7.81	6.05	4.40	half yearly	1	2,500 minimum	0
Schroder Wagg	6.73	6.94	5.38	3.91	monthly	1	2,500 minimum	0
Provincial Trust	8.22	8.54	6.61	4.81	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§								
7.75pc Treasury 1985-88	8.63	6.36	5.11	3.94	half yearly	4	—	0
10pc Treasury 1990	8.77	5.93	4.36	3.89	half yearly	4	—	0
10.25pc Exchequer 1995	8.88	6.05	4.49	3.02	half yearly	4	—	0
3pc Transport 1978-88	6.75	5.85	5.35	4.89	half yearly	4	—	0
2.5pc Exchequer 1990	6.51	5.72	5.29	4.88	half yearly	4	—	0
Index-linked 1990¶	6.69	6.11	5.78	5.48	half yearly	2/4	—	0

* Lloyds Bank. † Halifax. ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes 4 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
	Prices in pence unless otherwise indicated				
Ang Nordic Hldgs	31½*‡	32	23½	2.99	Smidth (F. L.)
Arncliffe Hldgs	75*§	85	98	3.75	Govett Strat In Tst
Avana Group	763§	721	480	266.51	RHM
Baker Perkins¶	339	337	355	135.20	APV
Barrow Hepburn	77‡	76	42	25.53	BTP
Barrow Hepburn	73§§	76	72	24.30	Yule Catto
Berisfords¶	177½‡§§	178	137	9.73	Ferguson Indl
Browns (C.) Car Parts	316*	311	270	18.96	Woolworth Hldgs
Burns-Anderson¶	115*	151	—	23.64	Dudley
Centrovincial Ests	443	310	278	69.54	Gilbert House
Chambrin Phipps	138	145	130	50.24	Wardle Storeys
Dataserv	187⅓	178	200	61.68	Bell South Carp
Dehren Invs	72*§	70	49‡‡	17.05	Interface O'seas
D. J. Security Alarms	159	158	91‡‡	6.46	Britannia Security
Exco Int¶	332½§§	334	203‡‡	778.51	Brit & Comm
Europn Ferries¶	148	147	231	342.89	P & O
Feb Intl¶	182½	174	108‡‡	3.16	Tarmac
Feb Intl 'A'¶	123½	118	78‡‡	6.31	Tarmac
Fothergill Hrvy¶	343	328	178	43.02	Courtaulds
Garner Booth	258	255	243	25.00	Pittard
Grosvenor Group	125†§	125	120	7.79	BBA Group
Grosvenor Group	135†§	125	125	8.41	Hollis
Henera	70*	69	57	8.04	Warner-Lambert
Highgate & Job	200*	256	200	1.94	Fraser (Robert)
Hillards	310	317	223	153.04	Tesco
Home Farm	207½	198	113‡‡	9.69	Sutherland (E. T.)
Hwrd & Wyndhm¶	18*§	18	20	3.28	Intermediate Secs
Imp Cont Gas	700*	722	653	995.00	SHV
Imp Cont Gas	710*§	722	710	1.01bn	Tractebel GBL
Jcksns Brne End	445*§	475	428	9.50	Bugge Eind A/S
London & Nth	89	85	80½	99.23	Evered
London Pk Htls	863	843	700	43.28	Mount Charlotte
Mitchell Somers	184	179	22½	29.70	Eagle Trust
Municipal Props	£34⅝§§	£25	£24	16.76	Merivale Moore
Nationwide Leis	77½*	76	77	8.30	Inspec E. & E. Grp
Nottingham Brick	408§§	394	363	44.06	Marley
Pantherella	197	198	158	7.89	Gt Universal Strs
Peerless	208	202	175‡‡	27.04	Newman-Tonks
Sarasota Tech	182	179	107	32.08	Peek Hldgs
Standard Secs	274	258	240	31.55	Local London
Tenby	294§§	290	217	51.67	Emess Lighting
Thermax	182	205	175‡‡	21.18	Heywood Wms
Trade Prom Servs	275§	265	251	16.04	EMAP
Wettern Bros	170§	162	173	2.01	RMC

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on 2.30 pm prices 20/3/87. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. ||| Loan stock. ‡‡ Suspended.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Assam-Dooars	Dec	543	(614)	40.4	(45.9)	9.0	(9.0)
Britoil	Dec	134,000	(759,000)	—	(—)	8.0	(13.0)
Bread Street	*Oct*	990	(226)	2.4	(0.4)	—	(—)
BSR	Dec	11,700	(7,400)	10.5	(—)	2.7	(—)
Cambridge Elec	Dec	10,120	(10,280)	14.7	(15.7)	8.0	(7.4)
Camellia Invest	Dec	273	(204)	34.0	(25.3)	14.0	(12.0)
CCF	Dec	2,520	(971)	15.9	(5.1)	2.0	(0.75)
Charterhall	Dec	5,660L	(1,760)	—	(—)	—	(—)
Church & Co	Dec	5,090	(4,390)	29.1	(25.6)	9.5	(8.5)
Clarke T.	Dec	878	(608)	5.5	(3.6)	2.7	(2.31)
Delaney Group	Dec	1,020	(720)	—	(—)	2.7	(2.4)
DRG	Dec	41,200	(31,200)	28.6	(25.0)	9.3	(8.2)
Duncan & Gdrick	Dec	6,880	(1,720)	309.0	(87.2)	20.0	(15.0)
Eucalyptus Pulp	Dec	5,900	(2,900)	—	(—)	20.0	(7.0)
Excess Ins	Dec	13,500	(10,700)	—	(—)	—	(—)
Expamet Intl	Dec	5,770	(4,380)	14.2	(12.2)	6.7	(5.9)
Fisher James	Dec	2,600	(3,040)	5.7	(6.7)	2.0	(3.3)
Halls, Hme & Gar	Dec	1,140	(696)	9.6	(7.1)	—	(—)
Hawtal Whiting	Dec	4,340	(3,520)	38.2	(31.2)	8.0	(—)
House of Lerose	Dec	1,820	(1,200)	22.5	(21.5)	9.4	(8.4)
Invergordon	Dec	5,200	(4,500)	15.5	(15.7)	5.2	(4.7)
Jones & Shipman	Dec	2,310	(2,120)	14.2	(15.3)	4.1	(3.8)
Kelleck Tst	Dec	1,100	(772)	0.5	(0.4)	0.1	(0.1)
Laing Prop	Dec	17,700	(17,500)	23.7	(20.7)	8.0	(7.0)
Legal & General	Dec	61,800	(31,500)	10.8	(7.9)	9.75	(8.19)
Mackay Hugh	Dec	1,020	(521)	13.3	(7.9)	5.5	(4.6)
Meggitt Hold	Dec	13,530	(6,900)	—	(—)	1.7	(0.7)
Metalrax	Dec	4,160	(3,680)	7.0	(6.0)	2.6	(2.2)
Morgan Grenfell	Dec	82,200	(69,000)	37.2	(34.3)	10.5	(8.5)
Norank	Dec	806	(404)	13.5	(7.8)	4.0	(3.0)
Octopus Publish	Dec	26,040	(20,343)	32.1	(23.1)	9.79	(6.75)
Pearson	Dec	121,100	(109,300)	37.4	(30.0)	12.0	(10.0)
Pleasurama	Dec	42,360	(37,434)	31.1	(25.3)	9.75	(7.5)
Refuge Group	Dec	8,230	(7,410)	—	(—)	15.75	(13.75)
Rentokil	Dec	31,270	(26,040)	9.6	(8.0)	2.8	(2.4)
Rotunda	Dec	1,010	(615)	9.6	(9.4)	1.0	(—)
Schroders	Dec†	21,000	(16,200)	—	(—)	13.5	(10.75)
Sintrom	Dec	1,080	(1,250)	6.9	(8.9)	2.2	(2.2)
Sanleigh	Dec	621	(251)	1.6	(0.6)	0.4	(—)
Superdrug	Feb	12,260	(10,360)	21.2	(18.6)	5.8	(5.0)
Suter	Dec	14,900	(9,500)	14.7	(11.6)	4.2	(4.2)
Sutherland E. T.	Dec	502	(829)	—	(—)	3.3	(3.3)
Sycamore	Sept	327L	(820)L	—	(—)	—	(—)
Systems Designers	Dec	4,480	(2,600)	1.6	(4.0)	0.5	(0.4)
Transport Dev	Dec	39,360	(29,670)	17.1	(12.4)	7.5	(6.2)
Turner & Newall	Dec	44,700	(39,600)	24.4	(25.5)	7.5	(5.0)
Utd Biscuits	Jan	125,200	(102,200)	20.3	(19.1)	6.0	(5.1)
Waterford Glass	Dec	21,350	(20,012)	8.6	(6.7)	2.8	(2.4)
Wassoughs	Dec	3,120	(2,320)	22.7	(18.3)	7.8	(6.5)
Wilkes James	Dec	216L	(788)	—	(13.3)	—	(6.7)
Williams Hldgs	Dec	22,900	(6,300)	45.0	(22.4)	14.0	(8.0)
WPP	Dec	1,760	(412)	13.3	(5.7)	3.2	(2.6)
Youghall Carpets	Dec	275	(1,310)L	1.3	(—)	—	(—)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Barratt Develop	Dec	12,500	(7,500)	2.54	(2.31)
BM Group	Dec	2,120	(1,030)	0.9	(0.6)
Cala	Dec	1,030	(843)	0.7	(0.6)
Caird A. & Sons	Dec	118	(12)	—	(—)
Dunton Group	Nov	180	(172)	0.2	(0.1)
Gent S. R.	Dec	525	(231)	0.36	(0.5)
GR Holdings	Dec	1,300	(740)	1.6	(1.6)
HTV Group	Jan	7,810	(4,340)	3.2	(2.8)
IFICO	Dec	390	(311)	1.0	(1.0)
Interlink Express	Dec	2,100	(1,099)	2.35	(—)
Intl City Hldgs	Jan	7,200	(6,500)	3.0	(3.0)
Logica	Dec	4,230	(—)	0.5	(—)
LWT Holdings	Jan	12,700	(6,130)	10.2	(5.69)
MAI	Dec	24,100	(16,400)	6.0	(4.0)
Marler Estates	Sept	474	(82)	—	(—)
Pacific Sales	Dec	405	(525)	1.0	(1.0)
Paterson Zochonis	Nov	16,300	(20,870)	1.7	(1.6)
Peters Michael	Dec	312	(207)	1.2	(1.0)
Peckins	Nov	687	(343)	—	(—)
Renishaw	Dec	4,200	(2,400)	—	(—)
Savage Group	Dec	476	(151)	1.5	(0.5)
Scholes George H.	Dec	2,790	(2,450)	4.5	(4.0)
Sirdar	Dec	3,790	(5,710)	1.6	(1.6)
Spong Holdings	Oct	414	(520)	0.3	(—)
Stocklake Hldgs	Sept	1,790	(1,870)	3.0	(3.0)
Town Centre Secs	Dec	1,510	(1,430)	0.4	(0.4)
TV Southwest	Dec	1,800	(668)	0.8	(0.6)
Ted	Dec	1,020	(615)	1.5	(1.3)
West Dooars Tea	Dec	274	(317)	6.0	(6.0)
West York Ind Hos	Dec	315	(261)	1.5	(1.5)

(Figures in parentheses are for the corresponding period.)

* Dividends are shown net pence per share, except where otherwise indicated. † After-tax profits. L Loss.

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Web spins tighter

"SOMETHING went wrong in our value systems and it is vital that we all learn from my mistakes and those of others. Our markets have always been the envy of the world and a source of great pride."

With this brief statement another Wall Street superstar, Mr Boyd Jefferies, alias the "mighty mouse of the block traders," bowed out of the limelight this week and disappeared into the shadows to join Dennis Levine, Ivan Boesky, Marty Siegel *et al* who are helping the Securities and Exchange Commission (SEC) with "its inquiries" into the biggest insider trading and takeover abuse scandal to rock "the Street" since the 1920s.

Mr Jefferies, a 56-year-old workaholic who reputedly arrives at his Los Angeles brokerage firm at 3 am, is the latest casualty of the web of investigations which the SEC is steedily spinning around the financial community. But, unlike the others, he has not been accused of trading "inside" information.

Instead the SEC has charged him with "market manipulation" and entering into an arrangement with Mr Boesky, one of the most famous speculators in US takeover stocks, to "park" big blocks of shares with each other. This enabled them to avoid tipping off other investors by filing official disclosures on the size of their positions, and to avoid violating margin requirements that traders have to meet when they buy shares.

Mr Jefferies, whose firm specialises in buying and selling large blocks of shares outside the established stock exchanges, was a key figure in many recent takeover battles. He and his 190 traders had an uncanny skill in knowing where the big blocks of shares were held around the financial community. If you were a corporate raider and wanted to put together a big stake in a target company, quickly and quietly, Boyd Jefferies was the man to ask.

This week's developments underline what most people had suspected. The SEC investigation has moved well beyond simple insider trading; it is now taking aim at some of the major players in the recent takeover and merger boom.

Wall Street

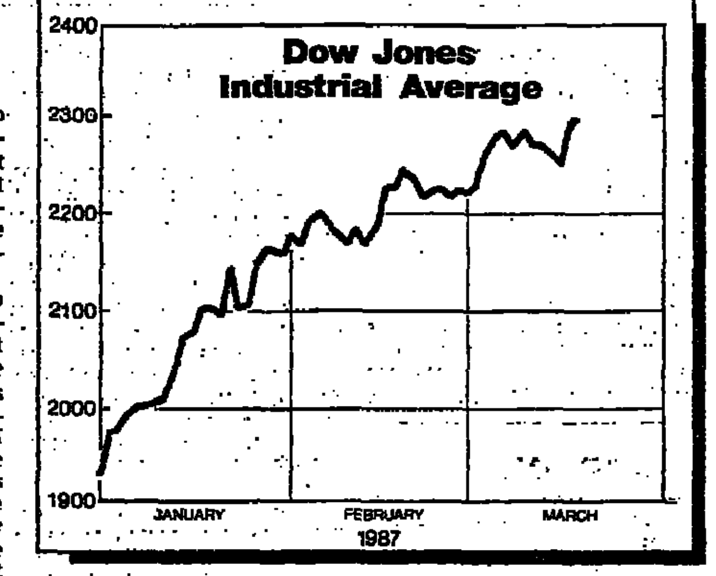
Mr Carl Icahn, the veteran corporate raider, dropped his takeover bid for USAir this week and disclosed that the SEC is investigating whether he violated securities laws.

Wall Street is now waiting nervously for the SEC and Mr *Rudolph Giuliani, the ambitious* Manhattan district attorney, to make their next move. They have already caught the biggest stock speculator (Ivan Boesky), two of the brightest and best investment bankers (Dennis Levine and Marty Siegel), and Boyd Jefferies, no doubt, will be falling over himself to swap information about his fabulous contacts amongst institutional investors and corporate raiders in a desperate bid to avoid a 10-year jail sentence.

"They are getting down to the nitty gritty of this business," says one old Wall Street band. "*You are starting to see* how people scratch each other's backs." Most informed observers have a pretty good feel of where the investigations are heading, and believe that it is only a matter of time before more famous heads roll and the reputations of some of the *best-known firms on Wall Street* are put under the microscope.

The threat of massive law suits against some of Wall Street's biggest investment banks are making investors in brokerage stocks nervous, and officials are known to be concerned about what happens if a major investment bank runs into serious financial trouble as a result of the insider trading scandal. Would the Federal Reserve, for example, have to *step in and help?*

For the moment, such concerns have not affected confidence in the US financial markets, and stock prices continued to bounce along at new peaks this week ahead of yesterday's "triple witching hour," the once-a-quarter occasion *when a series of stock options* and futures expire. It has led to wild gyrations in the stock market in the past, but it has little impact on the long-term direction of the stock market which has headed unambiguously upwards for several months.



One of the main reasons why share prices have been hitting new highs in recent weeks is that *there are signs that some* of the huge amounts of Japanese money which had been channelled into the US Government bond market in *1986 is now being diverted into* the US equity market.

American Express underlined the Japanese appetite for American paper when it disclosed this week that it had tentatively agreed to sell a 13 per cent stake in its Shearson Lehman Brothers' brokerage subsidiary to Nipnon Life, Japan's biggest life insurer, for \$530m—almost three times Shearson's book value.

American Express, one of the biggest and best managed US "blue-chip" stocks, is known to be concerned that its stock market rating does not reflect its past performance. It earned \$5.55 per share last year, which means that at \$78.75 its *shares are trading at a multiple* of 14 times historic earnings compared with the overall market multiple of around 20 times earnings.

The company *has sold off* the bulk of its Fireman's Fund insurance subsidiary over the last two years, and now seems poised to sell off a large chunk of Shearson Lehman Brothers.

Monday	2248.44	−10.22
Tuesday	2284.80	+36.36
Wednesday	2286.93	− 2.13
Thursday	2299.57	+12.64

William Hall

Down Under goes up

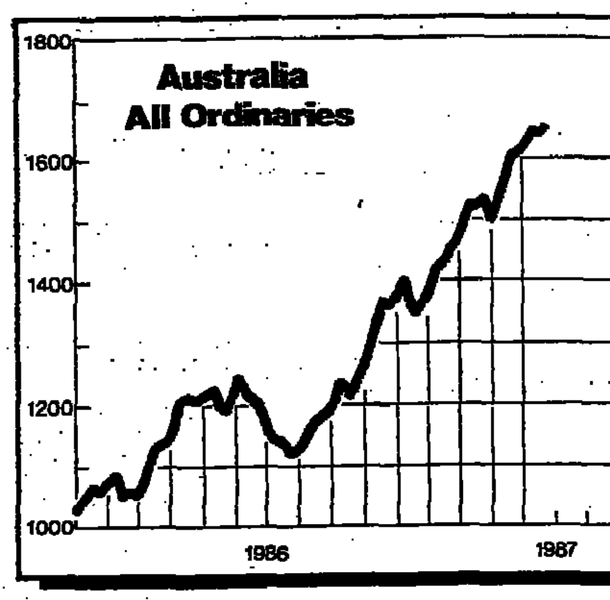
"MANY participants in this market agree that there is a need for a 5 or even 10 per cent correction," a broking analyst commented recently as the booming Australian stock market seemed to pause for breath. "But as soon as it weakens by 2 per cent, they're back in buying."

He was answering a question about whether the market was experiencing something more than the hiccoughs seen on several occasions over recent months as share prices have *continued their seemingly* relentless four-year skyward run.

This week, a few days after a correction looked imminent, it seemed that nothing had changed. The widely watched all-ordinaries index, covering 280 companies across all sectors, resumed its climb. By Thursday it had set yet another all-time record when it closed at 1,648.6.

This beat the previous record of 1,646.7 established two Fridays earlier, and yesterday the index went a step further to finish the week at 1,650.6.

The factors most commonly cited to explain this performance have been; an increasing weight of money chasing after limited volumes of scrip; and



an air of confidence about certain sectors of the Australian corporate scene, despite the generally gloomy economic *background*.

One key development of the past six months was the decision by the authorites last September to put a floor under the currency. Foreign institutions began to see better value for money "down under," while domestically - managed funds, which have grown anyway in number and size, turned their attention back *from offshore* markets to the local front.

In rebuilding their weightings of Australian stocks in Asian or non-US portfolios, these institutions — and most individual investors — have enjoyed the benefits offered by the special circumstances of gold, and by a rash of hectic takeover activity.

In the case of gold, a firm *international bullion price* has translated into extremely attractive Australian dollar prices. Enthusiasm for gold stocks has since been boosted by an Australian government decision last December to continue exempting gold mining companies from corporate tax.

Takeover interest has focused most recently on the media sector because of a change in ownership rules announced by the Australian government at the end of November. In the battles-and-deals which quickly followed, the prices offered for media assets left most analysts *stunned*.

Three important deals poured money into the market: Mr Rupert Murdoch's successful A\$2.3bn purchase of the Melbourne-based Herald and Weekly Times, his A\$842m sale of his two Channel Ten television stations to Westfield *Capital Corporation, and* Mr Alan Bond's A\$1.1bn purchase of Mr Kerry Packer's television stations and other electronic media assets.

These have brought in their train share and rights issue from Bond media, from Westfield and its associate Northern Star. These in turn have coincided *with other issues seeking* to take advantage of a buoyant market.

Thus, Elders IXL is making a SA870m rights issue—the biggest ever in *Australia. Others* are being made by Parry Corporation, AFP Investments, Adelaide Steamship and its Associate David Jones, Mayne Nickless and others.

On top of this there is the float of gold interests by BHP, Australia's largest company, and continuing speculation about a takeover for BHP by Mr John Elliott of Elders.

Sydney

Mr Robert Holmes à Court, the Perth-based entrepreneur. It was their battle for the company last year which took Australian take-over fever to unprecedented heights.

These capital raisings have fuelled nervousness about the imminence of a substantial correction. Brokers have advised investors to buy into particular stocks and special situations rather than the whole market.

Thus companies with strong *overseas earnings, rather than* gold stocks, have proved attractive. One notable example is Pacific Dunlop.

One key factor which has hindered accurate prediction of the market's course is the confusing range of interpretations of macro-economic statistics. Figures for investment, corporate profits, wages, the balance of payments or growth are usually interpreted positively by the government and those who back its economic strategy, negatively by its opponents and those who want more radical action.

Chris Sherwood

BP looks bullish already

AT SOME point during the next year, investors will be asked to buy about £5bn of BP shares. Although a year is a long time in the stock market (and an eternity in the oil sector), already the City appears to have passed the judgment that the issue will be a success.

Such a view was reflected in the market's carefree reaction to the news this week that the number of BP shares in the market is soon to rise by half. The announcement might easily have sent the market into a serious decline; instead, BP shares ended the week higher than at the beginning.

There are two main reasons why the City thinks the BP sale should be worth saving up for. First, it expects that a shortage of stock will be created, despite the great size of the sale. Secondly, payment is likely to be spread over three years, making the investment highly geared to any movement in the share price, and giving it a running yield well above *the already generous yield on* BP shares.

The UK institutions are likely to be keen buyers of BP. They are underweight in the shares, *as th efull capitalisation of the* company is included in the market index while only two thirds of the shares are in general circulation.

Foreigners are also expected to have an appetite for the issue. Over the last year BP has started to market itself in over*seas markets with a good deal* of success. From less than 1 per cent a year ago, now more than 6 per cent of the non-Government shares are held by Americans. A similar feat is planned in Japan this summer, when BP shares will become listed on the Tokyo stock*market*.

However, the main part of the issue is likely to be aimed at UK private investors. For them the sale can be dressed up in much the same way as the British Gas sale, stressing the safety of the business and the attraction of the high yield.

Provided that the oil price does not spoil everything by staging another free fall, it is possible that the absurd could happen. Purely as a result of the hype which, inevitably, will

Resources

surround the BP sale, the price could actually blossom rather than wilt under the weight of the new shares.

Investors who took part in the Government's latest attempts to privatise the oil industry may set little store by such arguments. Those who bought shares in Enterprise Oil or in Britoil, only to watch the value of their investments cut in half by the fall in the oil price, may be loath to try again.

However, investors who have stuck with either of the oil *independents may be feeling* decidedly happier about things after the events of this week. Those who backed Britoil at 185p when the last slice was sold nearly two years ago are at last showing a profit on their investment. By yesterday the shares were trading at more than 230p, a rise of 30p on the week.

Last week both companies demonstrated that they had emerged from 1986 — by far the most difficult year that either company had known — in fair shape to tackle the better times that both guardedly *expect for this year.*

For Britoil in particular last year was one of crisis. The company made about one third of its work force redundant, witnessed its net profits fall from over £250m to £33m, and suffered a cash outflow of more than £260m.

Nevertheless the City was well satisfied with the results — especially with the dividend, which was cut by just one third, against the 50 per cent cut that had been feared.

However, there are two different schools of thought about Britoil's shares. One dwells on *the company's dullish prospects:* its oil production is not growing; there are no exciting oil discoveries in prospect; and the Government's golden share prevents, for the time being, any takeover titillation.

The other school compares Britoil's rating to that of the *rest of the sector: its shares are* on an arguably ill-deserved discount to asset value, compared to the fat premiums commanded by other exploration and production companies. Furthermore, the absense of any bid speculation makes it a good clean punt on the oil price.

Enterprise enjoys a less divided following. Always regarded as a more glamorous proposition than Britoil, Enterprise is now more firmly established than ever as the market's favourite oil independent.

Yesterday the market cheered the maintainance of its final dividend, and a performance for 1986 which was at least up-to analysts' forecasts. Despite the horrors of 1986, Enterprise finished the year in good financial shape and with no net debt.

The acquisition of ICI's oil interests at the beginning of this year has turned Enterprise into a still stronger company. It faces rising oil production, a fat portfolio of major oil and gas developments which, unlike most others in the sector, *it can afford to finance—and* still have enough left for the acquisition that the City is eagerly expecting it to make.

Lucy Kellaway

• THE BUDGET AND YOU •

How the Chancellor spelt it out

● Income tax basic rate cut by 2p to 27 per cent, but higher rates unchanged. Thresholds and allowances to rise by 3.7 per cent to compensate for inflation in past year, but only for lower tax bands. Threshold of taxable income for 40 per cent tax raised by £700 to £17,900, but 45 per cent threshold goes up by only £200 to £20,400 and higher rate thresholds—50, 55 and 60 per cent—remain unchanged.

● Extra rise in age allowance for those over 80 years old. Otherwise increase in age allowance, and income limit, raised in line with inflation.

● Personal pensions to be launched from January next year, three moths ahead of original schedule. They will be given same tax treatment as retirement annuities. Members of occupational pension schemes will be allowed full tax relief on additional voluntary contributions to pension plans outside employers' schemes. However, £150,000 limit to be placed on tax-free lump sums.

● Inheritance tax exemption threshold to rise from £71,000 to £90,000. Rate structure to be simplified by reducing number of different bands.

● Capital gains tax annual exemption lifted from £6,300 to £6,600. Retirement relief limit raised from £100,000 to £125,000.

● Business Expansion Scheme tax relief to be adjusted to alleviate bunching of schemes into end of tax year.

● Small businesses to benefit from changes in collection of Value Added Tax aimed at easing cash flow and bad debt problems.

● Profit-related pay scheme given go ahead. One half of employee's profit-related pay to be tax free—double the proportion proposed in last year's Green Paper. Company car benefit scale to rise by 10 per cent, but no change in fuel scale.

● On-course betting tax to be abolished from March 29. But licence duty on gaming machines (one arm bandits) to go up by 25 per cent.

● NO change in excise duty on drink, tobacco or petrol. Duty differential introduced for unleaded petrol of 5p to make it competitive with cost of leaded four star petrol.

BUDGET PROPOSALS — 1987

These notes contain a brief synopsis of the main proposals in the Budget Statement of March 17 1987

INCOME TAX	1986-87 £	1987-88 £
Personal Allowances		
Single	2,335	2,425
Married	3,655	3,795
Age Allowance—65-80 years)		
—Single	2,850	2,960
—Married	4,505	4,675
(Age Allowance Income limit)	9,400	9,800
Age Allowance—(Aged 80 and over)*		
—Single		3,070
—Married		4,845
(Age Allowance Income limit)		9,800
Wife's Earned Income Allowance	2,335	2,425
Additional Personal Allowance for Widows, Widowers and others with children	1,320	1,370
Widow's Bereavement Allowance	1,320	1,370
Blind Person's Relief (one claimant)	360	540
Blind Person's Relief (where H W both claim)	—	—
Blind Person's Relief (where H & W) both claim)	720	1,080
(No restriction to relief when disability benefits received)		
Dependent Relative Relief	100	100
Housekeeper Relief	100	100

* New allowance for 1987-88 where taxpayer aged 80 or over or becomes 80 prior to April 5, 1988.

Tax Rates — 1987-88			Tax on full band £	Cumulative Tax £
Basic Rate	27%	£1-17,900	4,833	4,833
Higher Rate	40%	17,901-20,400	1,000	5,833
	45%	20,401-25,400	2,250	8,083
	50%	25,401-33,300	3,950	12,023
	55%	33,301-41,200	4,345	16,378
	60%	Over £41,200		

(Increased P.A.Y.E. tax coides and new tax tables will both generally take effect from first pay day after May 17, 1987).

HOW IT AFFECTS A COUPLE

For 1987-88 an election will normally only be worthwhile if the couple's combined income before deduction of allowances and reliefs is over £26,870, including wife's earned income of at least £6,545.

The table below provides a guide to when an election may be beneficial. If the combined income is the figure in column A, then the wife's earning must normally be within the figures in column B to make an election worthwhile. The figures are shown before the deduction of reliefs or personal allowances.

1986-87 A Combined income	1986-87 B Wife's earnings	1987-88 A Combined income	1987-88 B Wife's earnings
£26,521	£6,986-£19,535	£26,870	£6,545-£20,325
£30,000	£6,048-£23,952	£30,000	£5,851-£24,149
£35,000	£5,478-£29,522	£35,000	£5,404-£29,596
£40,000	£5,309-£34,691	£40,000	£5,299-£34,701
£45,000	£5,128-£39,872	£45,000	£5,117-£39,883
at least £48,425	£4,890 and above*	at least £48,541	£4,916 and above*

** Provided other income (husband's income plus wife's investment income) is also at least £4,890.*

** Provided other income (husband's income plus wife's investment income) is also at least £4,916.*

The bubbly goes flat

John Edwards reports on the Chester family the morning after

BUDGET SPECIAL

"WHAT A BORING Budget. What happened to the great give-away we heard so much about. With billions to spare, and an election in the wind, all Lawson can offer is a 2p cut in income tax and not much else."

It was the morning after the Budget and David Chester was in full bad-tempered flow. His *wife Elaine and daughter Helen* listened resignedly, although Elaine murmured that she thought Nigel Lawson had made a Budget speech she understood for a change.

His brother-in-law Bernard, who had stopped by to give Elaine a lift on his way to the City, was made of firmer stuff.

"I think it's a damn good Budget that should help us win the next election," he declared conservatively. "Nothing flashy: just the right touch of caution to make sure we don't get in a mess again by lashing out too much money.

"I must confess I don't really understand what's going on with pensions, but the increased inheritance tax allowance is good news and the owners of *small businesses must be rather* pleased. Any help with VAT is more than welcome," Bernard added.

"If you smoke, drink and like to spend your time on the racetracks backing horses, and are over 80, then Nigel is obviously your best friend at the moment," countered David. "Except, of course, your golf club will lose money from the increased tax on the fruit machines, so it will be you helping those poor bookies out."

"I'm not like you in the City. I'm in industry and Lawson has done precious little to help us, or the unemployed. The only ones to benefit are those *paying tax and in work*. It's not very fair when he had so much money to spare, which he seems to have wasted in pleasing the City."

'Don't expect champagne when you come around...'

"Tax cuts may be all right, but what about stimulating investment direct in industry? The only new proposal is that odd profit-related pay scheme, which no one liked when it was suggested last year."

The debate was becoming somewhat heated, when fortunately David's brother Gerald, a local estate agent, dropped in to take Helen to school as Elaine was going out shopping.

He was all smiles. "What a smashing Budget, just what the doctor ordered" was his opening salvo.

"Lower interest rates, cheaper mortgages. Things are definitely starting to look up again in the property market. Everyone's been holding back a bit waiting for this to happen, so there should be quite a rush now from both house buyers and sellers.

"Just the job for my business and it looks as if the new VAT regulations will help my cash flow and save a lot of paperwork, once I've worked out how they will work."

"The *only pity is that the* Chancellor didn't do something about mortgage tax relief, although perhaps as he said it is best to let sleeping dogs lie. The Government will have to make up its mind sometime whether to continue it properly, with the ceiling on the relief being adjusted for inflation, or decide to phase it out or replace it instead of just letting it die away by not raising the *limit*.

"Keeping it at £30,000 is quite unrealistic in the modern house market, especially in the south of England, but I suppose the Chancellor couldn't do much on this occasion without risking votes."

"Cheaper borrowing and reduced mortgages should do the trick I would have thought without going out on a limb. Especially if they help get inflation down.

"I'll tell you what though," Gerard burbled on, "Robert (his brother) is not ecstatic. As an insurance broker he's already faced with a packet of trouble this year with the new Financial Services Act likely to cost him a bomb just to stay in business. He may be able to flog a few more endowment and *pension mortgage policies if the* housing market does boom again.

"But the new limit of £150,000 on the tax-free amount available on retirement will cut back sales to his richer clients. And it looks as if investment bonds, which earn him a jolly good commission, will be hit as well by insurance companies having to pay Corporation Tax at 35 per cent, instead of Capital Gains Tax at 30 per cent.

"The extra tax burden is going to make single premium life bonds even less competitive with unit trusts, which pay him a lower commission at present.

"There was precious little in the Budget to encourage investors. The stock market's already discounted all the good news, so we won't get the kind of share price increases we saw last year and savers will simply get less for their money on deposit. That might push some of them into unit trusts, but it looks a bit risky."

Bernard disagreed. "I think there's quite a bit of steam left in the stock market, particularly if there is a June election.

"There's some more privatisations to come (the BP sale hadn't been announced at this stage) and the Government will make sure the rise in the value of the £ doesn't get out of hand. Most of the other world stock markets are also booming, with one or two notable exceptions in Europe, so fund managers should be able to continue delivering the goods."

It was all too much for David. "I'm not convinced," he said. "I reckon I am a fairly average potential Tory voter, not like the City slickers. What with my company car costing me more, I wonder just how much I will benefit directly *from the Budget*.

"I saw in the Financial Times that one of those accountancy firms, Deloittes, is providing a programmed computer disk for a fiver that will tell you instantly how much better or worse off you are. Come on, Bernard, since you're so happy, give me £5 for me to try it out and I'll let you know the results."

David duly received the disk (by applying to Deloitte's office at Hillgate House, 26 Old Bailey, London EC4 (01-248 3913).

Using his personal computer, he did a bit of juggling to see how he had fared from the Budget.

The first question asked was his salary level, so he typed in £32,000 a year (£2,666.67 a month gross).

Next his contributory pension —6 per cent salary (1,920).

He has one company car, worth less than £19,250 and a cc of 15,000, bought after April 1984, and with a business mileage of some 10,000 miles a year. He also told the computer he was married and had a mortgage of £35,000 on his house.

As the table shows, his monthly tax bill in 1987-88 works out £35.67 lower than in 1986-87. To test the claim that the wealthy had not benefitted much, he fed an annual salary of £50,000 into the computer. In fact the monthly saving was slightly lower at £35.59 because a small amount is liable for tax at 60 instead of 50 per cent.

On a more sombre note, David decided to calculate as well the effect of the changes in Inheritance Tax in the Budget. These showed that on a gross chargeable estate of £240,000 the tax payable would be £12,000 less than previously at £57,000, while on an estate of £1m it would but cut by £16,300 to £504,000.

He was on the phone to Bernard that night with the figures. "I can just about afford to return your fiver, but don't expect champagne when you come round."

TAX SAVINGS

	1987/8	1986/7
Salary	32,000	32,000
Less pension 6%	1,920	1,920
	30,080	30,080
Add car benefit	700	575
Fuel benefit	600	575
	31,380	31,230
Less personal allowance	3,795	3,655
Taxable Income	27,585	27,575
Tax on 25,400	8,083.0	8,528.0
on 2185 @ 50%	1,092.5	1,087.5
	9,175.0	9,615.5
Tax per month	764.6	801.2
Saving monthly	£35.6	

The Tax Changes

Keeping it all in the family

Over the years the Conservatives have made it much easier to transfer wealth, says Cedric Sandford.

INHERITANCE TAX

The threshold or liability is increased from £71,000 to £90,000. Tax rate bands have been increased and simplified. The tables set out the rate applicable on death and lifetime charges will be at half these rates. These changes apply to transfers on or after March 17 1987.

% rate of tax in band	New bands £	Old bands £
Nil	0–90,000	0–71,000
30	90,001-140,000	71,001-95,000
35	—	95,001-129,000
40	140,001-220,000	129,001-164,000
45	—	164,001-206,000
50	220,001-330,000	206,001-257,000
55	—	257,001-317,000
60	330,001 upwards	317,001 upwards

The tax saving on an estate of £330,000 is £16,300.

IT IS a sound tax precept that death duties ought to be subject to a minimum of change. They are a tax on capital levied once in a generation at relatively high rates. The change in them can significantly affect heirs, according to the accident of whether a wealth-holder died the day before or the day after the change.

On the face of things, the Conservatives have repeatedly violated this precept. Every budget since 1979 has seen transfer taxes altered. However, it could be that just because they appreciated the precept, they made the changes in stages.

Compare the capital transfer tax (CTT) of 1979 with the inheritance tax (IHT) of today, *including the Chancellor's latest budget proposals*. In 1979, the CTT threshold was £25,000; the *new proposed threshold* is £90,000. Allowing *for inflation* the threshold has been roughly doubled *in real terms*.

In 1979, the maximum rate of tax was 75 per cent (although it applied only to estates over £2m). Today, the maximum rate at death is 60 per cent.

In 1979, lifetime transfers *carried a lower rate up to* £300,000; thereafter, the same rates applied as at death. More*over, gifts were subject to life*time cumulation with other gifts, and with the estate at death, in determining the rate of tax.

In a phased programme, the Chancellor has successively cut rates, reduced accumulation to 10 years, and last year abol*ished gift tax altogether* between individuals (except for gifts within seven years of death). *Now, the same provi*sions are to apply to gifts in and out of most trusts.

Another trend, taken further this year, has been the granting of agriculture and business relief. Labour's former Chancellor, Denis Healey, introduced some reliefs; Conservative Chancellors extended them and Lawson is now proposing that substantial minority shareholdings in unquoted companies (defined as 25-50 per cent of holdings before transfer) should benefit from 50 per cent relief instead of 30 per cent as before.

Lawson has justified the business reliefs as necessary to maintain the health of the family business; but it is arguable that, when a founder dies, it is often better for the business to go onto the market. There is no law of economics or eugenics, which ensures that the child of a successful businessman will be equally successful.

In raising the IHT threshold this year, the Chancellor spoke of easing the burden on the smaller taxable estates, the principal asset of which was a house. This would be a strong argument if there was any danger of a widow or widower having to leave the family home. But, as CTT/IHT provides for free-of-tax transfers between husband and wife, the housing argument is largely irrelevant.

The Chancellor took delight in claiming that IHT was now yielding 50 per cent more revenue in real terms than CTT in 1978-79. This outcome is not as surprising as it might seem. Because CTT, unlike the previous estate duty, provided for free tax transfers between spouses, a postponement in revenue was to be expected. Moreover, the Stock Exchange boom and the rise in house prices have benefited tax yields despite the easements.

With the £3,000 annual exemption, and the £90,000 threshold, a wealthy couple can transfer £222,000 to children every seven years completely tax-free—and that is without taking advantage of marriage gifts, normal gifts from income, or the various reliefs on industry and agriculture.

Small change

THE STRUCTURE of the Budget in income tax terms was very similar *to last* year: mere indexation of allowances, a cut in the basic rate, no adjustment of the higher rates and less than indexation in the higher rate thresholds.

Clearly, a reduction in the basic rate does nothing for those whose income is below *the tax threshold*. Even for those with taxable income, the stance adopted by the Chancellor both *in 1986* and *in 1987* does little to assist the lower paid or to improve incentives *for high earners*. A married man with weekly income in 1986-87 of £75, and no deductions beyond his personal allowance, paid £1.37 per week in tax. Assuming that his *weekly income* kept pace with inflation for 1986, his weekly income in 1987-88 would be £77.78 and the tax he will pay will be £1.29 per week, a reduction of 10p per week over what he would have paid had the Chancellor merely indexed the tax system.

On the other hand, the corresponding figures for a married man with earnings of £400 per week in 1986-87 are £95.62 tax per week last year, income of £414.30 per weekt his year, with £92.29 in tax and a £6.84 per week reduction through the 2p cut in basic rate. As a proportion of income, tax for the first man has declined by 0.16 per cent while for the second it has declined by 1.65 per cent.

Had the Chancellor, instead of reducing the basic rate, decided to increase personal allowances over and above the inflation adjustment, the effect would have been reversed: the married man at the lower end of the incomes cale would have gained proportionately more than the man higher up.

The reduction in the basic rate was not carried through to the higher rates, which continue to rise in 5 per cent stages from 40 per cent to 60 per cent. There is, however, a substantial 13 per cent jump from 27 to 40 per cent once taxable income exceeds £17,900. Nevertheless, had the Chancellor decided to index fully the higher rate thresholds, the maximum benefit of the 2p cut in basic rate would have been available to all higher rate taxpayers. By failing to do so the Chancellord has gradually reduced that benefit to those on higher incomes.

One innovation this year was the introduction of an enhanced allowance for the very old. The over 65s have always been entitled to an increased personal allowance. That increased allowance is, however, progressively withdrawn once income exceeds a specified limit. In *1987-88 this limit* is set at £9,800. For every £3 over the limit £2 of the increased allow*ance is withdrawn until* the ordinary personal allowance levels are reached. Thus an elderly *couple up to age* 79 obtain no benefit once their income reaches £11,120.

The *same system* applies *to* the over 80s, so that a married couple lose the benefit of the enhanced allowance *once their* income reaches £11,375. The Chancellor's additional allowance is accordingly targetted on those over 80s whose weekly income is, in the case of a *married couple,* within the range of £90-£218 and, for a single elderly person, £57-£207.

In assessing the change in your financial circumstances for 1987-88, the income tax changes *should not, however, be looked* at in isolation. From April 6, the national insurance thres*holds are increased. The lower* earnings limit, below which no contributions are due, moves from £38 to £39 per week and the upper earnings limit, above which the employee pays no further contributions, from £285 to £295 per week. The intermediate bands (with contracted in rates of 5 and 7 per cent on all earnings) run from £39 to £64.99 (previously £38 to £59.99) and from £65 to £99.99 (previously £60 to £94.99). The highest rate of 9 per cent is payable on all earnings up to the upper earnings limit once earnings exceed £99.99.

Taking account, therefore, of the income tax, national insurance and child benefit changes, and assuming a 6.5 per cent increase in weekly income since 1986-87, a married couple with two children, and with weekly income last year of £75—where the husband only is in work and contracted in to the State pension scheme—will see their net income rise by 5.3 per cent from £8.58 to £86.93. A family in similar circumstances, but with a weekly income of £350, will see a 8.7 per cent increase from £257.43 to £279.76. After that the percentage rate of increase in net income start to decline.

Malcolm Gammie

Claims on names

MARCH IS an important month at Lloyd's of *London*. Many wealthy private *individuals* are just starting to fill in their applications to join Lloyd's as underwriting *members* ("Names") for the following year.

So this week's Budget surprise about the tax treatment of Lloyd's Names has come at a sensitive time. (It is bound to cause some uncertainty about the future benefits of joining the market—*at least until the* Finance Bill is published—and then debated by MPs.)

In his Budget speech, the Chancellor said he wanted to end an "unintended or unjustified tax break" *by legislating* to place Lloyd's syndicate insurance reserves on the same tax basis as the reserves *made by* insurance companies.

This sounds dry and technical. But *it might prove* irksome for some of the 30,000 underwriting members of Lloyd's — *though the precise* impact will depend on the outcome of talks between Lloyd's and the *Inland Revenue*.

Lloyd's syndicates have a three year "reporting" system. In other words, they *will not* declare the profit or loss for the underwriting year that, for example, started on January 1 1987, until after January 1 1990. *The* reason is that *Lloyd's* syndicates say that they need *three years* to allow for claims *on insurance policies that they* have written in a given 12-month period.

The problem is that claims may still come in after three years. So syndicates allow for *this by paying out a sum called* "reinsurance to close." This is paid into the next accounting *year of the syndicate* whose *future members* assume all the future liabilities for insurance losses.

The Inland Revenue fears that it has lost tax revenue because the reinsurance-to-close premiums have been too great, unduly cutting the profits distributed to Names—and thus their tax bills.

The taxmen want the law changed to compel Lloyd's syndicates to show that they use adequate statistical methods in computing the reinsurance-to-close. If syndicates are doing so, there should be no problem. If not, the Revenue could challenge their figures and—possibly—ask the Names for more money.

Nick Bunker

BUDGET • SPECIAL •

Maggie Urry assesses stock market reaction

Only fair for shares

"ALL THAT fuss about nothing," was a typical equity market man's view of last Tuesday's budget. And as a postscript, the announcement that the balance of the Government's stake in BP, worth getting on for £5bn, would be sold left the market thinking that the week had been badly spent.

But although shares have not benefited directly from the budget some comfort could be taken indirectly. And if the budget does contribute to an election win by the Tories, that should help a market which believes a Conservative government is good news. The next few opinion polls will be scrutinised very carefully.

Perhaps it had been too much to expect that the high hopes before the budget for a tax cut driven bonanza would be realised. A 2p cut in the basic income tax rate, though some help to the consumer sectors, was no more than the minimum discounted in advance. Although the absence of rises in duty on alcohol and tobacco gave a boost to the "vice" sectors, there was very little else to cheer shareholders in the Chancellor's speech. Not even some extension to the Personal Equity *Plan* rules which might have brought in more share buyers.

None of the other measures announced seemed to favour companies, while the banks were horrified to discover that they would end up paying *millions more in tax*. So in the budget aftermath brokers could find no reason to raise their overall forecasts for earnings and dividend growth this year.

If anything they were inclined to shave them a touch to take account of the stronger performance now expected from the pound, which will reduce overseas *profits* on translation and make life harder for exporters. With getting on for half

> "In the budget aftermath brokers could find no reason to raise their overall forecasts for earnings and dividends growth this year."

UK industrial profits made abroad, that is a serious consideration, and companies with a large proportion of international profits found their shares marked down even more than the rest.

The news of the BP sale late on Wednesday night was a bucket of cold water on a market already expecting to do its bit for Government finances through the *privatisations* of Rolls-Royce and British Airports over the next few months. *But what was bad news for* equities was good for the gilt-*edged market, traditionally* the place where the government finds money to supplement tax *revenues*.

The gilt market had already been pleased by the forecast of a Public Sector Borrowing Requirement of only £4bn in the 1987-88 financial year. That should mean a much lower level of net new gilt sales than the market has been forced to absorb for many a long year.

Added to that the exchange rate, which the Chancellor included as a guide to monetary policy, now looks set to stay firm *allowing*—or even *dictating*—further cuts in interest rates beyond the two half percentage points falls already seen in the last couple of weeks. Yesterday's cut in mortgage rates was another encouraging sign, helping to keep inflation to the 4½ per cent forecast for this summer.

It is these two factors—lower interest rates and a rising pound—which should provide equities some support. Although most companies gain little from cheaper borrowing rates, a strong gilt market should drag equities up too. And while few UK investors are ready to argue that the UK equity market is cheap, if foreigners are convinced that *sterling is a safe currency* and that Mrs Thatcher will be the next Prime Minister, they might *think* UK *shares look bargains* compared to their own markets.

• THE BUDGET AND YOU •

Hugo Dixon assesses the latest cuts in mortgage interest

Societies gamble on rates

IN A BOLD move yesterday, the Abbey National, Britain's second largest building society, cut its mortgage rate from 12.375 per cent to 11.25 per cent cent. The Halifax, the largest society, immediately followed, reducing its rate to 11.25 per cent from 12.25 per cent and Leeds Permanent also came into line.

Lower mortgage rates were a widely expected consequence of the Budget and they will certainly improve the Tories' electoral prospects, first by reducing the cost of monthly payments by homeowners, and second, by countering inflationary pressures.

However, societies were initially reluctant to cut their rates. Base rates have already fallen by one percentage point —half in anticipation of the Budget, half immediately after it — and almost all societies expect them to fall a further half point. Why not wait until that happens before reducing our rates? they asked.

The answer, according to John Bayliss, general manager of the Abbey, is that societies now live in a much more competitive world than they used to. When banks and other mortgage-lenders are trying to build up their share of the mortgage market, societies cannot sit around and wait for things to settle down.

"If you sit and wait, you're not in control any more. You become a follower," Bayliss said.

There were already signs that societies were losing control of their own destiny. Last week, Midland Bank reduced its mortgage rate from 12.5 per cent to 11.5, while Girobank, still a small force in the market, cut its rate from 12.25 to 11.25.

Rather than be left out, the Abbey decided to break the age-old practice of waiting until markets had settled. It is something of a gamble, as every time societies change their mortgage rates they have to tell their borrowers in writing and this is very expensive.

The Abbey's gamble was to set the mortgage rate on the assumption that base rates will come down a further half point when it is possible they will fall a whole point — or not at all.

The upshot is that, although mortgage rates are now falling, none of the societies expects them to fall to the full extent that base rates drop. It seems likely that the average drop in mortgage rates will be only half a point, compared with eventual 1.5 point drop in base rates.

There is a reason for this. For the past year, societies have been facing very tough competition in the retail savings market—from banks, unit trusts, National Savings, and the Government's privatisation issues.

They have been able to meet the record demand for mortgages only by running down liquidity and raising an increasing proportion of their funds on the wholesale financial markets. The problem is that many of them cannot continue this strategy: liquidity ratios cannot be reduced any more; and some of the largest societies have raised almost as much money as they are allowed to on those markets.

Societies were hoping things would be better this year. In fact, mortgage demand has remained buoyant but net retail receipts are, if anything, worse than last year. Societies raised about £450m net in February compared with almost £800m net in the same period last year.

The fear of mortgage demand shooting up and retail receipts dropping even further helps to explain why societies have been unwilling so far to match the full cut in base rates.

But although societies dominate the mortgage market, they are only part of it. Other major players, like the clearing banks and specialist mortgage-lenders such as the Mortgage Corporation, do not suffer from the same constraints on wholesale funds.

Most of them have plans to increase their mortgage lending this year, and Midland's decision to lower its rate first shows they are prepared to take a lead. The mortgage market looks like becoming even more competitive this year than last.

Betting on a boom

But picking winners is still a mug's game, says Michael Thompson Noel

IT IS a harmless vanity of top bookmakers to portray themselves as Jack the Lad when it comes to interpreting racecourse form and picking winners. Thus, it was firmly in character for Cyril Stein, chairman of Ladbroke Group, the betting combine, to claim that the Budget's axeing of the 4 per cent on-course betting tax would benefit him personally on the rare occasions he finds time to visit the race track.

"Personally, I'm very happy," he said — implying that his brother bookies had better beware his forays into the race-track betting market from now on.

But what does the scrapping of the on-course tax mean for bookies and racing generally? In Stein's view, it should prove an unmitigated boost for racing, for two main reasons.

First, it will strengthen the on-course betting market by attracting higher volumes of cash on to the course because off-track betting will still be taxed at 8 per cent.

A higher cash volume implies firmer—and thus fairer—odds. Partly, this firming of the on-course market, says Stein, will be achieved by luring the professional punters back to the race course — men who can make a living by using superior information to help thwart the super-fine margins with which the odds confront them.

Second, abolition of the on-course tax should help race-course attendances. In particular, this ought to benefit greyhound racing, which accounts for 25 per cent of Ladbroke's off-course betting turnover. Dog tracks have been closing rapidly of late, which is why Ladbroke spent £2m building a modern dog-racing stadium of its own at Crayford in Kent.

Overall, the Ladbroke chairman sounded chirpy and confident, as well he might given that pre-tax profits for his hotel, property, racing and retailing group were almost 35 per cent up last year, at £101.3m, on group turnover of £1.8bn.

In turn, High Street betting is enjoying something of a revolution, what with larger and larger shops, electronic displays, and live TV. "We're getting there," says Stein. "Eventually, we'll have small betting theatres and drive-in betting shops. It will come."

What the Chancellor did not explain this week is that finding winners is still a mug's game. Unless you are an ice-cool professional, you haven't a chance in a million of beating the bookies. Which is why Cyril Stein is happy and rich.

CYRIL STEIN
"I'm very happy"

• THE BUDGET AND YOU •

Pensions: help for some and a crackdown for others

Chancellor acts to stop abuses

THE Chancellor's pension proposals in his Budget had three major aims:

- To press ahead with personal pensions at all speed.
- To curtail the use of pension schemes for other purposes.
- To end the more flagrant abuses of the favourable tax treatment of pension schemes.

The first aim lay behind the proposals that the introduction of personal pensions should be brought forward a year for those employees not in a company scheme, and the introduction of free-standing additional voluntary contributions (AVCs).

The second aim resulted in his proposals to limit the tax-free cash commutation amounts on all pension arrangements, and to stop company schemes enhancing lump sum benefits to employees without enhancing pension benefits.

The third aim resulted in proposals that will clamp down heavily on executive pension schemes.

GOVERNMENT CONTRIBUTIONS

Contributions which DHSS will pay over automatically to a personal pension of the individual's choice. For someone paying standard national insurance contributions

Earnings per week	Annual salary	Minimum annual amount available for personal pension contribution 1987-88	1988-89
£295	£15,340	£1,204	£1,137
£180†	£9,360	£663	£626
£150	£7,800	£522	£493
£130	£6,760	£428	£404
£100	£5,200	£287	£271

† Average male manual earnings.

Source: DHSS.

THE CHANCELLOR was not juts playing Father Christmas in his Budget to employees over their pension arrangements. He also came down hard on those higher paid employees who had been abusing the tax concessions, *in particular controlling* directors and executives in small self-administered schemes.

The effects on these *schemes* will be discussed next week. But employees and the self-employed have been hit by his proposal to *impose* a further limit on the amount of tax free cash from any pension arrange*ment to an absolute limit of* £150,000.

This proposal may have very little impact on the rank-and-file employee. But it could represent the first step in the long term aims of Nigel Lawson to cut out provision of tax free cash sums and require pension schemes to provide pensions only.

These proposals will hit the self-employed and executives aiming to use the cash sum commutation to secure a pension mortgage.

The Inland Revenue claim that the intention *is to review* this limit every year, but the legislation is not expected to incorporate an automatic increase in line with inflation.

Lenders, mindful of the experience on mortgage interest relief levels, are not going to take into account any possible future increase in the limit when deciding mortgage terms.

The new limit applies *to* all new pension arrangements set up on or after Budget Day and *to all new members of company* pension schemes joining on or after that day.

Thus the self-employed need to cling on to their existing pension contracts and on no account be persuaded to make *it a paid-up contract or to* switch the accumulated value to another contract.

The self-employed are also hit by the proposal to change the commutation rules to a straight 25 per cent of the value of the fund, in line with personal pensions. The present method of commutation may be complicated, but it does give a higher proportion of the value in cash.

The new measures will hit those self-employed who took out a series of *single premiums* each year, rather than having regular premium contracts.

Employees are also hit by this proposal and others put forward by the Chancellor.

The maximum amount that can be taken in cash from a final salary company pension scheme is 1.5 times the final salary. Most schemes provided in their rules for employees without the full amount of service to have accelerated cash benefits but not accelerated pension benefits.

This approach does not cost *the company any extra contribu*tions. The employee simply converts more of his existing pension into cash.

Now it is proposed that schemes can only accelerate the cash benefits if they also *accelerate the pension benefits* and that will cost the company money — possibly a large amount.

So unless the employee has the maximum service, he will not qualify under the new rules for the 1.5 final salary maximum cash.

These new rules apply to *members joining the scheme* from Budget Day. So high flyers on salaries over £100,000 are going to think twice about *moving if it means a radical* cutback in their eventual cash payout from the pension scheme *— the start of a new* early leaver problem perhaps.

Eric Short

Earlier credit

EMPLOYEES not in a company pension scheme but who are interested in personal pensions, will no longer have to wait until April 1988 to make necessary arrangements.

Under the Budget proposals, *these employees* can take out a personal pension from January 1988 and contract out of the State Earnings-Related Pension Scheme (SERPS).

As Social Services Secretary, Norman Fowler, explained, this is effectively bringing forward the start of personal pensions by a year, since eligible employees will be able to backdate payments for the whole of the tax year 1987-88.

So the employee's personal pension will be credited with the minimum protected rights *contributions for the whole of* 1987-88, providing he or she is not in any company scheme during the year.

These rights consist of the full National Insurance rebate of 6.25 per cent of earnings between the Lower and Upper earnings limits—2.15 from the employee and 4.1 per cent from his employer—into a personel pension; together with the 2 per cent extra contribution and tax *relief* on the employee's contribution.

Indeed, the employee does not have to take action next January 4. He can wait until April 5 and still get full benefit. He could even defer for a further year and use the carry-forward provisions.

In the following year, 1988-89, the National Insurance rebate drops to 5.8 per cent of earnings—2 per cent from the *employee and 3.8 per cent from* the employer, plus the 2 per cent incentive and tax relie*f*. So these employees get the incentive (bribe, according to opponents of the scheme) for six years, instead of the original five years.

Under the operation of the *personal* penion scheme these accumulated contributions will be paid over to the provider *of the pension,* selected by the employee, as soon as possible after the end of the financial year.

The table shows the amounts of minimum contribution for various earnings levels.

These employees will not be confined to paying just the minimum contributions. They will *be able to* pay additional contributions up to 17.5 per cent of earnings (higher amounts for older employees). The monthly contributions will be paid direct into the personal pensions, with provisions to sweep up the *monthly contributions prior* to January.

The pension industry has *generally* welcomed this proposal. It does not impinge on company scheme membership. But life companies, banks, building societies and unit trusts will have to put in a tremendous amount of work, as *will the Occupational Pensions* Board and the Inland Revenue, to meet the earlier deadline. As a result the initial type of personal pension schemes may be simple in concept, with the right to switch into more sophisticated plans later.

Employees in a company pension scheme have to wait until the original *start date* of April 6 1988 before taking their personal pension. However, this move does mean that they will be able to survey the market ahead of that date.

The Chancellor has made two changes to the Revenue's original proposals for personal pensions; one good, the other not so good.

First, under pressure from the industry, Mr Lawson is now allowing employees more than one personal pension for contributions above the minimum. The DHSS is still insisting that the minimum contributions can only be invested in a single contract.

However, the employee can invest any additional contributions in as many personal pension plans as he wishes, subject to the minimum contributions laid down by the institutions.

This gives flexibility in his pension planning and spreading his money with a variety of investment managers. *It will* also open the way for composite plans from a link-up between, for example, building societies and life companies.

The other change relates to the amount of benefit that can be taken in cash. This is restricted to a straight 25 per cent of the value of the personal pension accumulated savings, subject to the overall £150,000 limit discussed elsewhere. *This is in line with* commutation on company schemes.

E.S.

Charity loses

*TIM YEO, Tory MP and chair*man of the Charities VAT and Tax Reform Group, an umbrella organisation for 200 charities, says charities were very much alone in being losers in the switch from direct to indirect taxation.

Charities can claim back tax on covenanted giving and the *VAT and Tax Reform group* estimates that its member charities will lose up to £2m a year because of the 2p fall in basic tax rates.

Yeo, a former director of the Spastics Society, said: "There will come a point in the near future when some charities become net payers of tax *because the amount they pay in* indirect tax exceeds the value of the exemption from income tax and corporation tax."

Tim Yeo

On the rest of the budget, he said it was like the curate's egg, good in parts. The major changes *in* the budget relating to charities were additional zero VAT ratings for charitable *activities,* such as buying drugs and chemicals for medical research. However, the Chan*cellor failed to extend zero VAT* rating to building alterations, a major area of disquiet for charities.

Yeo said he believed the Government would make no further new tax concessions to charities until the efficiency review, announced recently, had been completed on the Charities Commission, the body supervising charities. One of the review's major areas of investi*gation is prevention of* tax abuse by charities. He said the review might result in a tightening up of the regulatory framework in which charities operate. It is claimed by the Government that some individual schemes set up as charities cost it millions of pounds each year in lost revenues.

Lisa Wood

Cars hit again

UNNECESSARY, harsh, excessive. These were some of the words used by the motor industry after the Chancellor announced he was to increase *the tax paid* by *users of* Britain's 2m company cars by another 10 per cent.

When the new rate comes into effect in 1988-89, the tax on the benefit of using a company car will have been raised 60.4 per cent in only four years. And Chancellor Nigel Lawson made it clear this is one tax he *intends to go on increasing* at well above the inflation rate.

Nobody should be surprised, because the Government's stated objective is to ensure companies cut back on perks of all kinds by adjusting the personal tax *system* so that employment is rewarded mainly by cash.

Sir Geoffrey Howe, when he *was Chancellor,* explained the Government's point of view when he said: "Perks are an inefficient and often wasteful way of rewarding effort. And unjust. Some perks are taxed in full, others pay no tax on *identical benefits.* The whole chaos might almost have been designed to set people enviously against each other and so to bring our system into contempt."

The Motor Agents' Associa*tion points out that someone* with a company car in the 1600 cc-1800 cc band will be taxed on £1,370 in 1988-89 and "the person for whom a business car is essential is certainly being penalised. However, most *independent* observers still believe a company car is a perk worth having.

The Inland Revenue says the tax paid by the average company motorist driving a 1600 cc car which is less than four years old will rise to only about £4 a week for the car compared with £3.63 in 1987-88. If the *company provides fuel,* the tax bill is increased by another £3.11 a week—unchanged in the latest Budget.

Tony Vernon-Harcourt, one of the authors of *Monks Guide to Company Car Policy*, says that, in spite of the Chancellor's efforts, the only people who would find it worthwhile to swap their company car in favour of a salary increase were those who were doing a very high annual business mileage and very little privately.

"Having a company car makes life so much easier," he points out. "There are no cash-flow problems and you don't have to worry personally about insurance or servicing. It is going to take a great deal of effort by the Chancellor to prise people out of their company cars."

Kenneth Gooding

هكذا من الأصل

Alice Rawsthorn describes progress as the contest nears halfway

Outsider gallops up on the inside

The Great Investment Race

AS THE Great Investment Race approaches the half-way mark, all the teams have accelerated their activity. In the past few weeks Fidelity has lengthened its lead over the Prudential; but Hoare Govett has emerged as the success story, almost doubling the value of its portfolio to surge into third place.

In recent months almost all the teams have been surprised by the buoyancy of the world's stock markets. A few weeks ago Messel stumbled by underestimating their strength; this time it was the turn of the Japanese team, Nomura. Cheered by the Budget, most of the teams anticipate continued buoyancy in the UK, although increasingly many are looking overseas for investment opportunities.

The Race began in late September. The six teams will compete throughout the year to see which can earn the most money for charity by investing a portfolio worth £35,000. Prudential Unit Trust Managers acted as sponsors of the Race by providing the original portfolios, while Charity Projects, the organisers, will distribute the profits at the end.

Three weeks ago Hoare Govett was trailing behind the field, having failed to recover from blundering badly at the start of the Race. Its recent success has left Bell Lawrie and Messel to bicker over the dubious laurels of last place.

Bell Lawrie has favoured a cauptious approach from the start of the Race. It has concentrated on building up a balanced portfolio rather than indulging in the opportunistic antics favoured by other teams. Thus far, caution does not appear to have paid off. Bell Lawrie has acquired a balanced portfolio of UK equities — but it is worth a mere £47,816.

By contrast, Messel began the Race intending to pursue a speculative strategy, but was caught out by the continued strength of the international stock markets. Messel has managed to boost its portfolio in the last few weeks, by selling ASDA-MFI, Rowntree Mackintosh and the US leisure stock, Resorts International — yet it is only fractionally ahead of Bell Lawrie, with investments worth £47,920.

Nomura enjoyed a successful start to the Race by trading actively in its home territory, the Tokyo Stock Exchange. Like Messel, it has been unduly bearish in the last few weeks, and its portfolio has slipped to £60,640.

"We have suffered not because of what we did do, but what we did not do," says Kenichi Fukuhara, executive director. "The Tokyo market is usually inactive in March, and recovers in April with the beginning of the new fiscal year. Soon we shall become much more aggressive again."

Meanwhile Hoare Govett has made the most of fertile markets to roar ahead. It has almost doubled its portfolio in just three weeks, to £71,855. Hoare Govett has been particularly successful in Australia, with secondary market new issues, and it intends to continue rooting around for Antipodean opportunities.

"The London market is beginning to look rather mature," says Peter Clarke, assistant director of financial services. "Now that the Budget is behind us there may well be some profit-taking before the end of the taxation year. The Australian market as a whole has been fairly weak, but there are tremendous speculative investments around."

Most teams expect continued buoyancy in the UK while also looking overseas for opportunities

The team from Prudential Portfolio Managers has worked hard in the last few weeks to regain its lost lead from Fidelity. It has succeeded in boosting its portfolio by 25 per cent to £120,722—but Fidelity has been even more successful and the Pru has sunk further behind in second place.

Opportunistic as ever, the Pru has dabbled in Birmid Qualcast, selling before Hepworth Ceramic withdrew; stagged the Scandinavian Bank new issue; and traded in Storehouse and in Japanese Bonds.

Trevor Pullen, director of UK equities, is still optimistic about the prospects for the London stock market. "The Budget was favourable, the pound is strong and there is lots of foreign interest," he says. "Standing in front of a charging bull is a dangerous thing to do."

Fidelity has lengthened its lead, with a portfolio worth £131,417 by continuing its policy of speculating in a few selected stocks. Like Pullen, its investment director, Anthony Bolton, is bullish. "Although the markets seem mature, the final phase is often the most vibrant," he says. "We are still very optimistic about equities."

GREAT INVESTMENT RACE

Team	Current portfolio	% change in last three weeks
1 (1) Fidelity	£131,417	+28
2 (2) Prudential	£120,722	+25
3 (6) Hoare Govett	£71,855	+88
4 (3) Nomura	£60,640	−8
5 (5) Messel	£47,920	+15
6 (4) Bell Lawrie	£47,816	+4

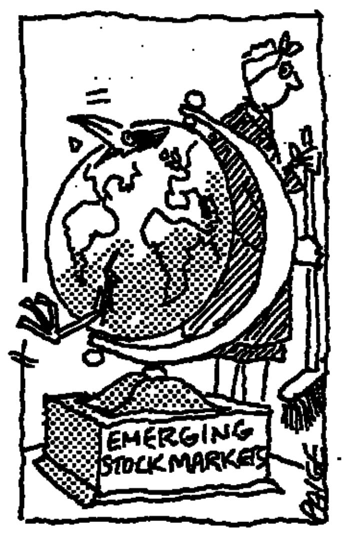
Source: The WM Company.

Managers seek fresh fields

UNIT TRUST managers, having squeezed out the maximum selling potential of the major equity markets in their ideas for new unit trusts, are now turning to the emerging stock markets for their inspiration.

Fortunately for them, the smaller equity markets, previously unknown, are now liberalising their rules to allow outside investors into their markets.

It is not just markets in the third world, like Korea, Taiwan, Thailand and the Philippines, *that are attracting the attention* of fund managers. European markets, such as Spain, Portugal, Belgium and Finland, are also being considered.



MLA Investment Management is the latest group to offer an Emerging Markets Unit Trust to investors. Any new investment market looks exciting and can be hyped up in the promotional literature and MLA is no exception in this case. It does however give investors a wealth warning!

It points out that though prospects look attractive, risks are correspondingly high and that this is not a trust for first time investors. Certainly interested investors should only *commit a small part of* their assets to this fund—a sentiment which MLA would endorse, since it does not intend this fund to be of more than modest size.

In contrast, Irish Life Assurance is sticking to the well-tried and highly successful formula of its Global Account policy series.

Irish Life is introducing a system of loyalty bonuses for investors who contribute for at least 10 years. On the 10th anniversary, Irish Life will add 7.5 per cent bonus units to the existing holding. Subsequently on the 15th anniversary and every five years thereafter a further 2.5 per cent bonus will be given.

Irish Life is emphasising the long-term nature of its contracts and feel that these bonuses will be of particular significance for its Global Mortgage Plus Plan for repayment of mortgage loans.

Equity and Law Life Assurance Society is concentrating on expanding its pension plans under its Multipension range. The new Multipension Trustees Plan is designed for use by the trustees of small self-administered pension schemes—schemes primarily for controlling directors running their own pension arrangements.

The trustees, who are usually the controlling directors themselves, often arrange the pension scheme as a tax-efficient means of buying property for company use. But having bought the property, the pension scheme carries on and all too often the trustees simply keep the money on deposit for lack of knowledge on how to invest.

The Multipension Trustees Plan offers equity, fixed interest, and property investment through 11 pooled funds. Trustees can now put part of surplus assets not earmarked for any specific purpose into these funds, with the prospect of a higher return than having the money on deposit.

The minimum investment is £5,000 and there is a switching facility between funds, the first switch in any year being free.

In complete contrast, the Co-operative Insurance Society, a leading home service insurance company, is offering a 10-year with-profit savings plan.

Such plans are extremely rare these days, even though the return on a with-profit contract is better than on a building society, life companies are putting all their savings plans into the unit-linked field.

The CIS is one of the very few life companies not yet into the unit-linked field, so its Capital Choice plan is based on with-profits. For above-average growth with a high degree of security a with-profits contract is hard to beat. But under current investment conditions it cannot match the returns on unit trusts of unit-linked life assurance.

Eric Short

FT's new service

TODAY, London. Tomorrow, the world. The Financial Times, which has been producing the leading UK stock market index for more than 50 years, this week launched an important new service: the FT-Actuaries World Indices. The hope is that the new indices, which are updated and published every day, will become the accepted benchmark for international investors.

The service is based on 2,400 different share prices, drawn from 23 countries. As well as the overall World Index, an index is shown for each country along with separate calculations for eight different regional groupings. The numbers are shown in the form of sterling, US dollars and local currencies, and a gross dividend yield is also published.

Who needs all these figures? The answer is that there has been an enormous growth in international equity investment in recent years. US pension funds have trebled their holdings of foreign securities to more than $40bn in only two years, while the UK pension funds have increased the proportion of their foreign holdings to around 20 per cent since the removal of exchange controls in 1979.

The Japanese are only just starting to direct some of their vast capital surplus into international equities, and the rate of growth is accelerating rapidly.

The new indices will provide a set of uniformally produced yardsticks against which to measure the performance of international fund managers.

They are calculated in the same way as the well established FT-Actuaries Indices of the UK market. And they should provide a very good guide to the performance of each individual market, since the aim has been to capture more than 70 per cent of the total market value of all shares listed on each local exchange.

In many cases, this means that the new indices will be more comprehensive than the established local market index.

However, the indices include only shares which can be purchased by foreign investors: the registered shares of Swiss companies, for example, have been excluded. This means that international investors will have no excuses for failing to match the performance of the new indices.

Putting together and operating this new service has proved to be a major exercise. To provide the necessary depth of international expertise, the indices are being jointly compiled by the FT, Goldman Sachs, and Wood Mackenzie. Goldman is a leading US investment bank, while Wood Mack is one of the most prominent UK securities firms.

In addition, representatives of the Institute of Actuaries and the Faculty of Actuaries are playing a major part in the project. Every three months, an editorial panel will meet under their lead to consider how the service can be improved to meet the needs of the marketplace.

Although the new service had been devised with the international fund manager very much in mind, it should also be of real value to private investors. From now on, it should be easier for them to track the performance of different markets around the world in a systematic fashion—and to judge how well their unit trusts or investment trusts are performing.

Richard Lambert

Caught out

ALWAYS look a gift horse in the mouth. If the shares you own show a dramatic price rise or fall, be very careful to check that the movement is due to some underlying factor and not just a change in the equity structure.

Dr Trevor Hopkins had made reasonable profits from dabbling in shares like British Airways and TSB. So he decided to broaden his portfolio by buying a whole range of shares, including 10,000 in American Business Systems at 10.25p.

A week later, Hopkins noticed on his Teletext screen that ABS shares had shot up to 108p and, scarcely believing his luck, rang the broker from whom he had bought the shares to confirm the good news.

At this point, the stories of Hopkins and Northcote, the broker, part company. According to Hopkins, he mentioned that he had bought 10,000 shares the previous week and had noticed that the share price had risen sharply. According to Northcote, Hopkins asked the price itself but did not check the extent of the rise. In any case, Hopkins decided to sell at 112p.

For a brief, happy, period, Hopkins thought he had made a profit of around £9,000. Nemesis appeared a week or so later. What had, in fact, happened was that ABS shares had been consolidated on a one-for-10 basis. Instead of owning 10,000 shares, Hopkins effectively owned only 1,000, each of which was worth 10 times as much as before.

Not only had his profit been illusory but, by selling 10,000 new shares, he had effectively gone short 9,000 shares—that is, sold shares he did not have.

Accordingly, Northcote sent him a note asking for the 9,000 shares he owed it. That meant he would have to buy those shares in the market; and what with dealing charges and a slight share price change, he would be *around £400 down on* the transaction.

Should Northcote have told Hopkins about the consolidation when he called? Not necessarily. It deals with Hopkins on an agency, not an advisory, basis, so that the salesman had no obligation, even if he had known, to inform him of the change.

Much to its credit, Northcote has decided to absorb the costs of the misunderstanding and to pretend that Hopkins had never sold his shares in ABS at all.

But other shareholders would do well to remember that dealers trading on an agency basis are no more friends or advisers than the people from whom you buy your house or car. Doing without brokers' advice might cut your costs in the short term, but in the long term it could prove a false economy.

Philip Coggan

Christine Stopp examines the reasons for an extraordinary record

Life companies flex fund muscles

"SOMEWHERE between pride and jealousy" is how Mike Reid, head of the recently-launched Commercial Union unit trust operation, describes the motivation behind the extraordinary performance record of life insurance companies entering the unit trust field.

In the past two or three years, a large number of very big life companies have moved in on the unit trust industry, launching clutches of funds and making a big contribution to the dramatic increase in funds managed.

Why have they done so? There are concrete reasons, like the abolition of life assurance premium relief which made the life offices look around nervously for other ways to appeal to the investors. There is also the perceived change in mood of the investing public towards the "cult of the equity," and the desire for investments which can easily be bought and sold and the performance of which is readily charted.

Reid reckons that "somewhere between pride and jealousy" the life companies decided to flex their muscles and show the public what they were capable of. Although past performance of life products had, in some instances, been very good, their reputation was not such that we were all panting to see bond fund managers let loose on unit trusts.

Geoffrey Harrison-Dees of Sun Life points out that bond fund performance tables have not until recently been particularly sophisticated, so what performance there has been has gone unanalysed. He agrees with Reid on the major factors that enable life companies to outperform.

Life companies of any size—and many of those with a growing record in unit trusts are very big—have large, established teams of investment analysts, unlike independent groups which may have to rely on brokers. Commercial Union runs insurance operations in 70 countries worldwide and Harrison-Dees says that because of the need to match local liabilities with local assets, "we are, in practice, running investment portfolios in each of those countries."

The resources of a vast insurance conglomerate compared with those of, say, a two-man partnership, do seem to count. Their effect is felt in performance terms through larger in-house teams, the salaries of which are often performance-linked, separate teams of analysts, and special departments to deal with currencies and overseas markets.

INSURANCE COMPANY TRUSTS PERFORMANCE

Figures show growth over 1 yr to 3.3.86, offer-to-bid, income reinvested. % growth is followed by sector ranking. *=below average performance.

Sector:	UK Gen	UK Eq Inc	North Am	Europe	Japan
Sun Life	37.7/8	32.0/33	25.4/4	27.4/29*	77.7/2
Prudential	24.6/52*	—	36.1/1	45.2/4	58.7/12
Eagle Star	32.9/13	33.2/26	18.9/20	31.6/18	—
LAS	37.9/7	30.0/47	−4.6/96*	32.4/16	59.7/10
Clerical Medical	28.5/21	36.1/19	13.2/35	25.6/35*	46.4/29
Equity & Law	26.9/32	30.5/43	11.7/44	18.6/47*	—
Sector av./tot. funds	26.6/88	29.4/108	11.5/97	28.4/55	43.7/53

Source: OPAL

Their marketing muscle also buys regular positive cash flow through unit-linked products, which softens the impact of wholesale switching by the big brokers

In order to get out there and prove they can do it, insurance managers have had to come to terms with the shorter-term goals inevitable with unit trusts. Says Harrison-Dees: "Life companies have traditionally been less worried about short-term performance than about matching long-term liabilities. We have now come to the view that the long term is a series of short terms. If you slip short term, it will show in the long term."

A discussion of the performance of insurance company trusts overlaps with one on new trusts, since the sort of companies producing the performance shown in our table are all fairly new to unit trusts. Both themes lead inevitably to the question of whether fund performance can be "massaged" —in other words, improved by a number of sharp practices such as booking with hindsight an investment which has done well to a trust you want to perform.

Few people in the unit trust industry would deny that this and other similar practices exist. In fact, there are indications that they are quite frequently used. Harrison-Dees points to the difficulty his group would find if it wanted to behave this way under the eye of a conscientious trustee.

A life company would, in any case, have the welfare of its with-profits policyholders to balance against the unitholders' gain and, says Reid, the life side managers would defend their own interests vigorously against any detrimental move.

A telling argument against the "management by scam" theory is the sheer size of some of the funds being managed. You cannot cause strong, consistent performance by small fillips from the occasional spicy holding.

With the scale of funds they are taking in — and Standard Life more than tripled its funds in unit trusts to £1,942.5m after a major launch last year—the insurance companies are changing *the face of the industry*. Their performance record is also having quite an impact. There are signs that this is not flash-in-the-pan trickery but good management supported by strong resources.

Investors' Tales

Time to take stock

It's never wrong to take a profit, says Kevin Goldstein-Jackson

Like many other private investors, I have recently started working out my 1986-87 capital gains in preparation for filling out my April tax return.

As I have exceeded my £6,300 tax-free gains allowance, I carefully looked at my current share portfolio to see if any of my investments were showing losses. None were; if they had, I would have considered selling them and possibly buying them back the following day in a "bed and breakfast" transaction to establish losses which could be used to offset against the gains.

Incidentally, anyone who has unrealised gains of up to £6,300 should urgently consider taking those tax free gains now rather than, perhaps, find that next year the bull market has ended and the gains are no longer there.

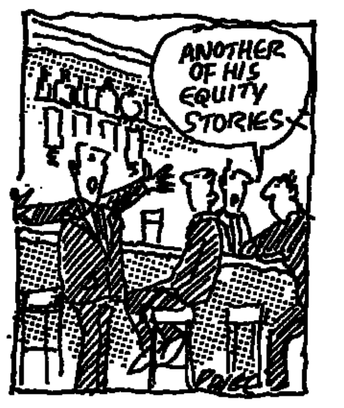
Looking through my list of share dealings in the current tax year, I find that two of them resulted in losses of over £500: the Japanase share Kuraray (mentioned in an earlier article) and the British company Anglo Nordic.

I bought Anglo Nordic shares for 24⅝p each in February 1986. At the time I thought, on reading its Extel card, that this engineering company was destined to grow much bigger (it had agreed a takeover of Petbow Holdings) or it would itself be the subject of a takeover by its 51.57 per cent shareholder F. L. Smidth & Co., or Smidth would sell its shareholding to another predator.

However, Anglo Nordic's share price drifted lower and when it reached 21p in July I sold them as I thought they might go even lower and there were other investment opportunities which could make better use of the funds released.

I should have been more patient beeause F. L. Smidth has recently made an offer of 31½p cash per Anglo Nordic share with the intention of raising its shareholding to 75 per cent.

I am consoled only by the fact that I used the proceeds of my Anglo Nordic share sale to *buy shares in Wettern Bros at* 77p in the hope that RMC Group, which had held a 29 per cent shareholding in Wettern for a number of years, would use that as a launch pad for a full take-over. This RMC did in March this year, offering 150p in cash or 41 RMC shares for every 200 Wettern. There was also a loan note alternative.



The trouble with bull markets is that there are so many shares racing skywards that unless one is an institutional fund manager with hundreds of millions of pounds to invest it is not possible to take advantage of every investment opportunity that is offered. Like most private investors, I have only limited funds available and usually every new investment means that something has to be sold to pay for it. But how do you choose what to sell in a market that, at times, appears crazy?

For example, I applied for shares in Thames Television when it came to the market last year but succeeded only in receiving 200 shares, which I promptly sold to make a £64 profit. How was I to know that the shares would then leap from my 222p sales price to 461p?

The saddest "missed opportunity," however, belongs to my wife. In December 1985 she thought about investing in Dwek Group, but decided against it as we both felt it looked a bit too speculative. Instead, she nominated it in a "share race" competition in another newspaper—whereupon Dwek's share price increased by 351.7 per *cent in a year.*

At various times in 1986 we had thought again of investing in Dwek, but each time thought its meteoric rise would not continue. At least my wife won a bottle of champagne as a consolation in the competition.

In the 1986-87 tax year there were a number of instances where I sold shares which subsequently went to a higher price, but I have always taken the view that it is "never wrong to take a profit." The real disasters come when a share price drops like a stone and you hold on in the hope of a recovery which never comes, instead of cutting the losses. Fortunately, I experienced no dreadful disasters in 1986-87. And some of the gains were rather good.

· FINANCE & THE FAMILY ·

Gifts taxed as sales

I refer to a letter in your column (February 14) in which a correspondent asked a question about the transferring *of investments to sons to* reduce the eventual inheritance tax liability.

At the start of your reply you say—" we take it that your sons are over 18 (and resident in the UK) . . . ." from which I infer that the tax liability of persons resident outside the UK is different from the liability of those resident in the United Kingdom in the circumstances mentioned by our correspondent.

Assuming my inference is correct, I would be most grateful if you could explain the difference in the tax liability of the recipient of a gift of shares (a) if resident in the UK and (b) if resident elsewhere.

On another matter, I am told by friends who have read your column for longer than myself that from time to time you have given particulars of leaflets published by the Inland Revenue for the information of persons returning to live in the United Kingdom. I should be grateful if you could repeat the numbers of the relevant leaflets and the address from which they might be obtained.

A gift of shares by someone ordinarily resident (or simply resident) in the UK to someone neither resident nor ordinarily resident here would be treated, for capital gains tax purposes, as though it had been a sale at market value: it would not be possible to submit a holdover claim. An exception would be a gift overseas of shares registered outside the UK (or of bearer share certificates actually outside the UK) by someone who, although resident here, is *domiciled outside the* UK under English/Scots law: such a gift would be outside the scope of capital gains tax.

The free booklets which you have in mind are obtainable from the Inland Revenue Public Enquiry Room. Somerset House, Strand. London. United Kingdom WC2R 1LB:

IR20—Resident and Nonresidents: Liability to Tax in the UK.

IR6—Double Taxation Relief.

As you will see from IR20, the three countries of the UK still retain (with variations between them) the traditional concepts of domicile, which New Zealand has abandoned.

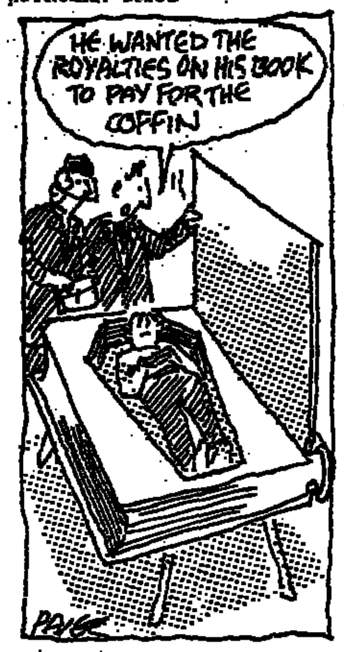
Inheriting royalties

I wonder if you can tell me how potential income from royalties is calculated for purposes of Inheritance Tax. It would help me greatly in the *task of drawing up my will.* In the 1950s I published an academic textbook. It has since sold a regular 3,000-4,000 copies a year and currently brings in about £1,500 p.a. It could *conceivably continue to sell* at the same rate for several years after my death.

For Inheritance Tax purposes, is potential income (presumably over 50 years) somehow calculated as a capital asset at the time of one's death or is capital value disregarded and income-tax liability on future royalties simply transferred to the beneficiary?

If the latter is the case (as I assume) there would presumably be an income-tax saving if the royalty right were bequeathed to a young child who otherwise had no income. Could it also be divided between two or more young children?

The copyright would fall to be valued at the date of your death on the basis of what it would fetch if sold in the open market. Usually a valuation given by the publisher or the literary agent of the author will be accepted; you should therefore ask your publisher to give you an idea of the value of this particular asset.



BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Buying for a son

Last summer, my son and his wife, who were temporarily overseas learned that a very suitable house for them was about to come on the market in Surrey. They therefore asked me to arrange the purchase in their names and sort out the short term financing. Both owned flats in their own names, bought before marriage, and these were put on the market, the combined proceeds being expected to cover the entire cost of the new house.

All went well: I borrowed the purchase money *from* my bank, using the deeds of my house as security, but the loan, at the bank's insistence, was in the name of my wife and myself although it was fully aware of its purpose. *The* advance was repaid when the sale of the two flats was completed but the bank's interest certificate, of course, shows me to be the borrower. As the bank made what was effectively a bridging loan to enable my son and his wife to buy a new house, how does he persuade the Inland Revenue to accept a certificate in my name for tax purposes?

A minor irritation at the concluding stages of the affair was that my bank refused to accept the solicitor's cheque, payable to my daughter-in-law for the sale of her flat, to liquidate the loan. Admittedly it was marked " not negotiable " and *endorsed* by me " per pro " but as I understand that not negotiable means that a subsequent holder cannot acquire a better title than the person from whom he received it, this did not seem relevant. In any case, the bank was in no way at risk as it still held the deeds of my house. The manager later justified his action by rather *vaguely* quoting the Cheques Act but was he being reasonable in requiring the endorsement of the payee rather than that of *her known* agent?

Your son would have to explain the full transaction and show that he did in fact discharge the interest payment (presumably by its being deducted out of the monies realised on his and his wife's flats). He would also need to have an understanding Inspector of Taxes. Your understanding of the term " not negotiable " is correct, but the bank would strictly have been justified in not accepting your endorsement per procurationem where there was no formal agency agreement produced to it. It is however surprising in the circumstances that such an attitude was adopted.

Fund for the unborn

I am considering setting up a discretionary accumulation and maintenance settlement for my future grandchildren. To date, however, none have been *born.*

Is it legally possible to set up such a *trust* on the expectation of having grandchildren in the future?

Yes, it is perfectly satisfactory to include unborn grandchildren (or other people) as beneficiaries under a settlement. An *inter vivos* settlement however will need to have a properly drafted perpetuity period specified, within which all the beneficiaries who are entitled must *take* their vested interests.

Switching interest

Over the years I have obtained loans amounting in total to £22,000 at favourable rates of interest to extend/improve my main residence which must now have a value in excess of £150,000. The security for these loans is not the house although, *because of the use to which* they have been put, they are known to the taxman and the interest qualifies for tax relief. I now wish to take out a normal building society or bank mortgage on the house in the expectation that I will be able to substitute it in place of the existing loans and that it will qualify for interest tax relief (up to the maximum of £30,000). I do not, however, wish to repay the existing loans, although it is clear that they will no longer qualify for tax relief on their interest payments.

Can the taxman have any objection to this proposal?

The existing loans will continue to qualify for tax relief. *Whether any part of the* interest on the new loan qualifies for tax relief (on up to £8,000) depends upon what you use the borrowed money for. Ask your tax inspector for the free explanatory booklet IR11 (1985) — Tax Treatment of Interest Paid.

CHESS

OXFORD versus Cambridge, started in 1873, is the oldest annual fixture in the chess world. More important, it provides a seedbed for our international teams. Over the years, a dozen match participants have gone on to win the British championship, while some 20 have become grandmasters or masters.

Matches are sponsored by Lloyds Bank and played in an elegant room at the Royal Automobile Club, in London. Despite high standards on both sides, victories occur in long sequences. Oxford's 5-3 win last Saturday was its seventh in a row, following a record run of 11 Cambridge successes.

Talented schoolboy players, undecided on their university, may well settle for the stronger chess team. This self-perpetuating mechanism depends on college selectors, looking kindly on chess achievement, but signs are that Oxford's supremacy will soon end. This year's team contained only one freshman, and Oxford entrance boards recently turned down two teenage IMs.

Oxford's top boards, Peter Wells, and James Howell, are highly rated masters who look future contenders for the GM title. *Wells had an opening* novelty prepared for move 27(!) of a book line in the King's Indian; his Cambridge opponent, David Watts (who beat Kasparov in the world champion's simul last year), scented trouble and diverged at move 26—but still lost.

Howell, confronted with the attacking King's Gambit, steered quietly into a superior endgame and took the Lloyds Bank trophy for the best win of the match.

White: D. D. A. Lawson (Trinity, Cambridge)
Black: J. C. Howell (Jesus, Oxford)
King's Gambit (varsity match 1987)

1 P-K4, P-K4; 2 P-KB4, P-Q4; 3 PxQP, P-QB3; 4 N-QB3, KPxP; 5 N-B3, B-Q3; 6 P-Q4, N-K2; 7 B-Q3?

Black has chosen a modern defence, designed to draw the sting from White's gambit. Best here is 7 PxP, QNxP with level chances as played in Iglesias-Nunn from the controversial *Spain v England match* at the Dubai olympics. White instead insists on a pawn sacrifice, but his method loses time and Black has a very solid position.

7...PxP; 8 N-QN5, QN-B3; 9 NxB ch, QxN; 10 P-B3, P-B3; 11 0-0, B-K3; 12 P-QN4, P-KN4; 13 P-QR4, Q-Q2; 14 P-N5, N-R4; 15 B-R3, 0-0-0, 16 RK1, KR-K1; 17 Q-N1, N-B5; 18 BxQn, PxB; 19 N-Q2, B-Q4; 20 QxP, N-B4!

White has been reduced to seeking material equality. Black concedes it so as to reach a semi-endgame where he has all the trumps—active king, open file, minor piece outposts, and a route into the white camp. Instead 20...Q-N5; 21 N-K4, P-B6; 22 N-N3 is less clear.

21 QxQch, KxQ; 22 N-B1 N-R5; 23 RxR, RxR; 24 R-R2, P-B4; 25 P-N3, N-B6 ch; 26 K-B2, N-K8; 27 K-N1, P-B6; 28 P-R3, N-Q6.

Expert spectators predicted 28...R-K7; 29 RxR, PxR winning a piece, but the text is more accurate. Threats include R-K7 with R-N7 ch and N-B7 mate, or R-K8 with P-B7 ch.

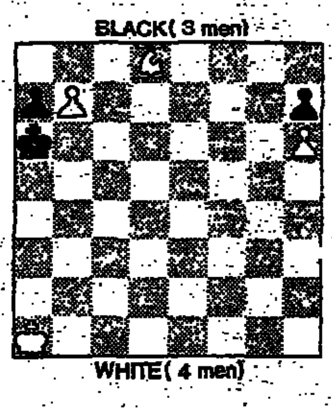
29 Resigns.

Oxford will now meet University of Chicago, the 1986 Pan American champions, in a transatlantic challenge match in May.

As *Kasparov* leads Short 3—1 going into today's game (Channel 4, 6.25), Batsford/Thames TV have issued *Speed Chess Challenge* by Raymond Keene (96 pages, £7.50) containing all *six games with photos, move-by-move* diagrams and detailed commentaries. This very readable book shows that world champion Kasparov often sees the most deep and complex ideas in a few seconds, but that Short could be at 2—2 if he had taken his chances.

Problem No. 664

BLACK (3 men)



WHITE (4 men)

White to move; can he win? The diagram is simple, but the puzzle defeats many players.
Solution Page XXI

Leonard Barden

Weekend Business

READERS ARE RECOMMENDED TO SEEK APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

Businesses For Sale

Businesses Wanted

Business Services

Management Courses

هكذا من الأصل

Land of the Living Goddess

Annalena McAfee visits Nepal, the haunt of mystics, then moves on to Goa's more sybaritic traditions

AT FISHTAIL LODGE there are no alarm calls. Guests are woken at 6.30 am whether they like it or not. But there are no complaints, even from late-night revellers, for the early knock on the door signals a morning clear enough to see dawn break over the Himalayas.

There can be no more humbling start to any day than to step out and face the unconquered crystalline peak of Machhapuchhare, Nepal's Matterhorn, rearing over Lake Phewa. In the foreground, in a garden of pale lupins and marigolds, fish eagles perch in rhododendron trees and swoop to snatch their breakfast. On the far bank, new guests board the wooden raft that brings them over to Fishtail Lodge.

Checking in, one woman cannot believe her luck when she is told that she will be sleeping in Prince Charles's bed. "*The* Prince Charles?" Her male companion is uneasy. His bed is Chris Bonington's. Not, of course, that these distinguished guests are still occupying their rooms. They, like most visitors to Fishtail Lodge in Nepal, had used the hotel for some serious R and R before tackling the Himalayas.

The hotel, on the edge of the unassuming town of Pokhara set beneath the Annapurna range, is in the heart of trekking country. From here visitors, with at least five Sherpas a head, set off on treks—from two days to 22 days—to explore Nepal's lush valleys and high arid plains, to take a closer look at the mountains and to glimpse the extraordinary variety of tribal culture.

For those with less time, a day's walk up Sarankot hill offers a taste of the pleasures of the full-scale trek. The spectacular views of wooded hills and the blue vastness of Lake Phewa on one side and of the crisp white mountains on the other are their own rewards. But the people and the vignettes of village life encountered on the walk are in many ways more fascinating than the landscape.

The women of each ethnic group — Gurung, Tamang, Mustang, Sherpa, Gurkha, Magar and Tharu — have different costumes but all are in extravagent colours, fushsia pinks and kingfisher blues, and in a joyful combination of flower prints, plaids and stripes.

Labouring up one near-vertical path we were passed by a descending group of men and boys wearing citrus-coloured topi hats and carrying horn trumpets and drums. Two of them bore a basket-weave sedan chair and negotiated the rocks with the careless agility of mountain goats.

They were a wedding party, on their way down to a village in the plains to bring up a young bride to her new mountain home. Hours later, their music drifted up to us from the valley below.

On the outskirts of a small village of ochre mud thatched houses we were passed by men striding ahead with rifles slung over their shoulders. They were looking for a man-eating leopard, said Lok, our guide. "It killed 10 people in the last month and only three days ago a baby's arm and leg were found just over there." He pointed at my feet. Moments before, my pace had been flagging in the noonday heat. Now the rustling undergrowth took on a new significance and there was a spring in my step.

Temples and shrines dominate the streets of Kathmandu Valley

The walk to Sarankot and back takes about three and a half hours but it is easy to spend at least another two hours at the top, among the ruins of an 18th century fort, simply gazing at Machhapuchhare as the clouds drift round it like dry ice.

It is here that the reason for Machhapuchhare's other name, Fishtail Mountain, becomes apparent. From the top of Sarankot, its divided peak is visible for the first time, the deep snow in its crevasses gilded by soft light.

The peace of Pokhara seems far more than a half-hour flight from Kathmandu, a jostling overcrowded city where there seem to be as many Hindu and Buddhist temples, shrines, stupas and pagodas as there are people. In Nepal, these places of worship are not carefully preserved museum pieces but testament to a religious devotion which underlines the daily lives of all Nepalese and encompasses every shade of Hinduism, Buddhism and even animism. Ask a Nepali whether he is Hindu or Buddhist, it is said, and he will answer "yes."

The best example of this peaceful co-existence is seen at Swayambhunath on a hill above Kathmandu, where the great stupa — a dazzling white mound topped by a gilded tower and painted with the all-seeing eyes of Buddha — is flanked by a little Hindu temple, as pretty as filigree, its step stained red with blood of the morning's sacrificed cock.

Monkeys scamper round the site spinning Buddhist prayer wheels, teasing stray dogs and

A young Pokharan girl

scattering postcards in the wind. Behind the stupa is a gompa (Buddhist monastery) where yak butter candles burn under photographs of the Dalai Lama. Here worshippers receive the tika, votive red dot on the forehead, normally associated with Hinduism. In a long room, shaven-headed monks in claret robes mutter prayers and strike drums. In a back pew, two miniature monks, aged about six and nine, whisper and giggle between incantations.

Kumari, the Living Goddess, is a Hindu deity peculiar to Nepal. She is chosen in a harrowing ceremony in which a group of four-year-old girls is taken to a temple courtyard at midnight. There, amid flickering oil lamps, they see the bloody aftermath of a mass sacrifice: the decapitated heads of 108 water buffalo. Men in demon masks try to scare the girls and, in this setting, usually succeed. But the child who remains calm, and whose horoscope proves to be strong, is chosen as the virgin goddess Kumari.

You can glimpse her in the 18th century temple where she is kept until puberty, or until she loses blood from a wound. She appears fleetingly at the intricately carved lattice windows. Under her elaborate make-up, the sweeping lines of black kohl around her eyes, the scarlet robes and the garland of flowers in her hair, she looks an ordinary, faintly mischievous little girl.

More virgin deities, the goddesses of thunder and lightning, are cited as the reason for the sexually explicit Tantric carvings which adorn many religious buildings in Nepal. Tantrism, a sect which encompasses both Hinduism and Buddhism, celebrates the interwoveness of things and sees ritual sexual intercourse as a means of attaining nirvana. The goddesses of thunder and lightning, it was thought, would be too modest to approach a building bearing such prurient motifs.

* * *

IF NEPAL represents a hybrid of Buddhist and Hindu culture, Goa, on India's west coast, is a fusion of Latin Catholicism and indigenous Hinduism. A Portuguese colony until 1961, Goa's subject past has left it with more than 400 white crenellated churches, an inordinate number of bars selling cheap alcohol, and a strong streak of hedonism. Siesta and fiesta are the colonial legacies which Goans, regardless of religious persuasion, continue to accept with enthusiasm.

Hindus and Catholics observe each other's religious holidays and borrow elements of ritual. At the cathedral in the capital, Panaji, for example, there is an annual presentation and blessing of coconuts. Hindu wayside shrines and Catholic white stone crosses dot the landscape of rice fields, mango groves and coconut plantations. In a small shop selling religious artefacts, lurid prints of Ganesh, the Hindu elephant god, hung alongside a swooning Sacred Heart.

At the Basilica of Bom Jesus, beneath the relic of St Francis Xavier, Goans wearing the Hindu tika knelt in prayer at mass. St Francis Xavier, a 16th century Jesuit missionary, was canonised after his corpse failed to decompose and the requisite number of miracles occurred in h's name.

Once the Jesuits were established on Goa, priests were said to outnumber native inhabitants. At St Monica's, an enormous fortress of a convent, 47 religious orders were represented. The serene simplicity of the churches' exteriors — Florentine, Manueline and Gothic in style—complements the fertile landscape and belies the grandeur within: spectacular gold altar panels, twisted silver columns and lavish frescoes.

But it is for its beautiful beaches skirting the Arabian Sea that Goa is most famous today. Indira Gandhi described it as "a jewel of India" and, for beach holiday enthusiasts, it doesn't have to work too hard to consolidate its image as an earthly paradise.

In the late 1960s and early '70s, both Goa and Nepal were landmarks on the hippy trail. "You went to India then split up. The spiritual lot went off to Nepal and got into religion and the sensualists headed for the beach at Goa," said one veteran. The sensualists, or their natural descendants, are still there, nude bathing and holding wild beach parties every full moon.

Now, thanks to the improvement in air connections, it is possible to combine the sensual and the spiritual in the space of a fortnight.

●

TRAVEL DETAILS: A new marketing strategy by five countries of south Asia—Bangladesh, India, Nepal, Pakistan and Sri Lanka—has been launched to promote multi-destination holidays in the area.

The independent traveller could, for example, fly Biman Bangladesh from London to Kathmandu (£250) and stay at the Soaltee Oberoi (double room £56 a night) before moving on to Fishtail Lodge in Pokhara (double room £31). Any trip to Nepal should take in the Royal Nepal Airlines half-hour flight around the Himalayas (£38) before flying from Kathmandu to Delhi with the Nepali carrier (£89). From there, an Indian Airlines flight to Goa (£64) brings you to the Aguada Hermitage (£87 for a one bedroom villa). An Air India flight from Goa (£29) brings you to Bombay for the Air India flight to London (£548).

Tradewinds (01-734 1260) offers tailor-made packages in Nepal and Goa. One week in Nepal (at the Oberoi and Fishtail Lodge) followed by a week in Goa (at the Fort Aguada) starts at £1,734. Other operators in Nepal and Goa include Bales (0306 885991), Kuoni (0306 885044) and Speedbird (01-741 8041). BOOKS: The Insight Guide to Nepal (APA Productions, £9.95).

The BMW 735i SE: sleek, spacious, swift, and surprisingly economical when driven at sensible speeds

Very nearly perfect

Stuart Marshall finds it difficult to make any serious criticism . . .

NOTHING IN this world is perfect but the BMW 735i comes within a whisker of it.

I used one to drive to the Geneva Show at the beginning of the month. If there is a car that could have served me better for the five-day, 1,360 mile round trip, I have not yet driven it.

The outward leg was mostly on the autoroute and the big BMW was impressively surefooted in the incessant rain. For the return journey I used N and D roads in the main, apart from a final canter up the A26 from St uenti to Calais. On the autoroute I stayed close to the legal limit (81 mph in the dry, 68 mph in the wet) because the probability of being caught now makes it foolish to do otherwise.

The going rate is £130 for doing 100 mph or so. The fine has to be paid on the spot, one is automatically breathalysed and the police remove the ignition key until they get the money. No, it did not happen to me but it has to several colleagues. One was even fined £100 last week for doing 71 mph on a straight and deserted D road.

The new 7-series BMWs are big cars with lounging room for four people, adequate space for five, and a boot so massive that four half-cases of wine tucked away easily in odd corners between the suitcases. With 220 horsepower on tap it climbed mountain passes as though they did not exist and loped along the autoroute in near silence. My fuel consumption, checked by brimming the tank at the same pump in Dover, and including some town driving as well as the out-and-back journey, was 25.9 mpg.

For close to a couple of tonnes of super-luxury car with an *autobahn* cruising rate of 130 mph and a claimed maximum of 145 mph, this is remarkable economy. The transmission is a four-speed automatic that, in economy setting, gets into top as quickly as possible. It is then very high geared—at 3,000 rpm one is doing almost exactly 100 mph.

There are alternative settings for thrusting drivers; a speed setting which cuts out the overdriven top altogether and a manual override which lets you shift ratios for yourself. I saw no need to use either facility though I occasionally slipped the selector into third hold while waiting to overtake a line of lorries. Not that this was necessary because the transmission kicks down as smoothly as it changes up. A five-speed manual gearbox is a no-cost option but only the perverse could prefer it to this peerless automatic.

I find it difficult to make any serious criticism of the BMW which has everything one could reasonably ask for in an upmarket businessman's car. At £31,750 it is beyond the reach of those who pay for their own motoring but is being snatched from the showrooms by companies for their directors and senior managers.

The headrests are solid and thus rather obstructive to rear vision. The electric windows are irritatingly slow and the transmission selector moves in a vaguely marked quadrant—the Nissan Silvia's is much better. I am no lover of very firm seats though I admit that the BMW's are well shaped.

The 735i SE has immense Michelin TRX tyres of 45 series cross-section. They provide prodigious grip and do not prejudice ride comfort. Like all ultra-fat tyres, they have a tendency to aquaplane in deep surface water but my main complaint concerns noise. At lo speeds on smooth roads there i a growl from the tread patterr at high speeds on coarse su faces (like the A6 betwee Beaune and Pouilly-en-Auxois they make enough roar to ki the quieter passages of Beethoven symphony, let alon a Mozart quintet.

They are exclusive to th 735i SE. A buyer concerne more with silence than the ult mate in handling might we prefer a 735i on 60 series tyr (or even a 730i on 65 seri tyres) and then order variou options which come as standa on the SE model.

There are too many of the to attempt to list but they rang from ABS brakes to electr front seat adjustment, air co ditioning (individually adjus able by front passenger driver) and electric sunroof.

The 7-series is full of ele tronics. Not the dotty kind th squawk instructions at you replace sensible dials with di tracting digits, but practic electronics. Just before ea hour three pips remind you turn on the radio if you wa to hear the news. There is ping and flashed warning if t temperature falls near enoug to freezing for black ice to a danger.

How the Car of the Year co test jury in its collective wi dom placed the BMW behind t Opel Omega (Vauxhall Carlto I shall never understand. A how does the BMW compa with its most obvious rival, t new Jaguar XJ-6, Sovereign a Daimler? Ask me again in thr weeks time when I shall ha lived with a Jaguar for lo enough to get to know properly.

Head them up, move them on, ride them out

Christine Burton goes trailriding through the Peak District in Staffordshire and Derbyshire

"DON'T worry," she said, "we've got a kind old gentleman lined up for you."

Unfortunately, she was talking about a horse. Charlie turned out to be a bay gelding, half an inch over 15 hands high and 13 years old—relatively old if you're a horse but he had more energy than I had when I was his age. Together we rode 93 miles in four-and-a-half days and *he* wasn't whacked.

They told me the only thing he didn't like was water. We negotiated several fords and streams but I discovered that what he really didn't like was drains. He would give them a very wide berth. When I led him downhill I leant against him in a vain attempt to keep him into the kerb, but since my weight was about a fifth of his, you can tell who won.

Charlie is owned by Kath Riley, who gave up teaching history in 1984 to start Moorlands Trailriding, based in rural Staffordshire. She also owns Holly, She, Jamie, Kate, Digger, Paddington and Emma —all pure or part thoroughbred, although Jamie is part-Arab—and all with vast reserves of bounce.

This bounce gets them through weekly riding holidays from mid-May to mid-October, and weekend and short breaks during April and May and from mid-October to mid-December. (Kath spends the rest of the year coping with her manure heap.)

If the word "trailride" conjures up pictures of roughing it round a campfire, carrying huge panniers, and a sleeping roll, then this holiday is completely different.

For a start, people and horses do not necessarily stay at the same place each night. Horses are looked after first, of course. You will feed and water the horse; if necessary, Kath's minibus then transports you and your luggage to your overnight destination and picks you up in the morning.

Accommodation is in very good bed-and-breakfast houses or small country hotels. Single rooms are not usually available, and bathrooms not en suite. But these places are chosen for their ability to supply plenty of hot water, and for their food.

The holiday that I sampled in June last year consisted of five-and-a-half days' riding with a half-day trip into the market town of Ashbourne. The programme for 1987 is five full days' riding with one day to visit Chatsworth, the home of the Duke and Duchess of Devonshire.

The route follows a rough circle, returning on the final day to base at Winkhill, which is in the Staffordshire Moorlands. Crossing the river Dove brings you into Derbyshire. Virtually all the area traversed is in the Peak District National Park. The scenery is similar to that of the Yorkshire Dales, but the valleys are smaller and therefore somehow more accessible.

It is not possible to avoid tarmac roads entirely. Otherwise, the way follows narrow paths on steep hillsides, old drovers' roads between low stone walls, flat greensward on the edge of moorland, bridle paths through valleys deep and wide, and disused railway tracks which have been converted to trails for riders, walkers and cyclists.

During the winter, weather permitting, work experience trainees cleared more footpaths and bridlepaths with the full support of local councils—which will take recalcitrant landowners to court if they obstruct rights of way.

In turn, the Peak Park authorities try to influence farmers to maintain an ecological balance, so that riders will find hay meadows full of sorrel, clover, buttercups and ox eye daisies.

Kath's brochure emphasises that riders must be competent at controlling their horses at all paces, though there is not too much opportunity for a good gallop.

Riders have to be good at tying reliable knots. Thanks to the vagaries of the British climate, I was forever peeling off layers and tying garments to the back of my saddle. I started the week wearing T-shirt, shirt, sweatshirt and Barbour and finished it in shirtsleeves.

Our days were spent riding through the Churnet Valley, where the incongruous sound of Alton Towers amusement park wafted through the trees; the Manifold Valley with its miniature railway track; Milldale; Dovedale; Biggin Dale, where wild orchids grow, and along the Tissington and High Peak Trails.

In the evenings we tended to make our own amusement. We had the vicarious pleasure of observing one of our number, a young vet from upper New York state. He not only had a nice line in co-ordinated casualwear, but a nice line in chat, too.

We gave him a steady supply of 10ps — not to phone home but to make the most of his little black book. He was rewarded with one pretty chauffeuse per evening.

Trailriding is not for the novice. Most of my fellow riders either had their own horses or rode very regularly. I was the only one foolish enough not to have brought my experience up-to-date. All the horses are equipped with John Goodwin saddles specially designed for endurance riding, and they are certainly very comfortable, but fit and supple limbs are the main prerequisite.

● Moorlands Trailriding organises various short breaks for those with equestrian interests, for instance to Hickstead, Badminton, Royal Ascot. There are also riding, hunting and driving holidays in November and December. This summer's weekly riding holidays cost £275 + VAT, but it is worth checking on the optional extras. Non-riding partners who would prefer to fish or cycle can also be accommodated: Kath Riley, The Mill, Winkhill, Leek, Staffs ST13 7PP: Telephone 05386-638. American visitors can book through FITS Equestrian, 2011 Alamo Pintado Road, Solvang CA 93463.

Nick Baker

BRIDGE

THE ANNUAL Lords versus Commons match was held earlier this month at the Meridien Hotel, and grateful thanks are due to the management for generous hospitality. The Lords ran out winners by some 2000 points, and are now ahead by seven matches to six.

This deal occurred in the early stages:

	N.	
	♠ 5 2	
	♡ A 8 5 2	
	◇ 9	
	♣ A J 10 9 8 2	
W.		E.
♠ A 4		♠ J 9 3
♡ Q J 4		♡ 10 9 7 6
◇ Q J 10 8 6 4 3		◇ 5 2
♣ 3		♣ K Q 6 5
	S.	
	♠ K Q 10 8 7 6	
	♡ K 3	
	◇ A K 7	
	♣ 7 4	

North dealt at a love score, and South opened with one spade. West overcalled with two diamonds, North said three clubs, and South said three no trumps. This was doubled by East, and all passed.

East's double was bad. He has nothing to offer in his partner's suit, and a club lead, if that was what he wanted, helps the declarer. As it was, West led the diamond queen, which held, and South won the knave which followed.

If the declarer had known that West had seven diamonds, he could have played on clubs and made his contract with ease. But he decided to attack spades, and crossed to the ace of hearts to lead a spade to his king. West took, and cleared his diamonds, East dropping the six of clubs.

The declarer was now facing the moment of truth. Crossing to the ace of clubs, he led dummy's remaining spade, and successfully finessed his ten of spades for a doubled overtrick.

Instead of crossing to the ace of hearts, South should have played his king of spades — West is likely to hold the ace — and there is no need to remove dummy's entry-card.

This was a very interesting hand:

	N.	
	♠ Q	
	♡ Q 9 5 3 2	
	◇ K J 10 6 4	
	♣ 10 6	
W.		E.
♠ J 10 9 4		♠ 8 7 5 3 2
♡ 7		♡ A 8 4
◇ 8 7 5 2		◇ A
♣ K 9 8 5		♣ A 4 3 2
	S.	
	♠ A K 6	
	♡ K J 10 6	
	◇ Q 9 3	
	♣ Q J 7	

At game all West dealt, and after three passes South opened with one no trump. North tried a Stayman two clubs, South said two hearts, and North raised to four. West led the knave of spades, and dummy's queen won.

The four of diamonds — why not a heart? — was led. East won, cashed the ace of clubs, led another club to his partner's king, and ruffed the diamond return to put the contract two down.

In room two North bid three hearts over the opening no trump, and South raised to four. East doubled, led the ace of diamonds, and underled his ace of clubs at trick two. West won, gave his partner a ruff in diamonds, and the defence scored 500 for two down. Excellent play by East.

Let me return to what happened in room one. I think that South should make the contract. Correct technique is to overtake the spade queen with the king, and throw a club on the ace. That at least means only one down. Now the only danger is a diamond ruff. Should not South play the six of spades, and throw dummy's last club? This cutting of the enemy lines of communication might be — and is — vital. Is not this the extra chance we read about?

Anyhow, that is how I would have played.

E. P. C. Cotter

Holidays and Travel

Motor Cars

Country Property

• PROPERTY •

John Brennan reveals the inside story of a major London property deal

Go west for high-flying luxury

IS POINTWEST London's nearest equivalent to New York's Trump Tower, or is it unique? "A bit of both" is the compromise. Trump Tower, after all, has taken a long time to sell. PointWest won't.

It is a descriptive enough name which will begin to appear in public in a week's time when the popular press has been given its champagne and press packs, 'oohed' and 'aaahed' its way round the views, and seen the show flat with carpets in place. Now the entrance hall has little more than a pile of builders equipment by the old pedestrian entrance to what was once British Airways' West London Terminal.

At the moment the fitters are cutting and hammering, the model is being carefully wheeled into place, and the biggest residential conversion of an office block ever to be undertaken in Britain remains a set of lines on plans and signatures on funding and construction contracts.

The basic facts are straight forward enough. Having arranged the move of its marketing and flight reservation staff out to Heathrow, British Airways put the 'For Sale' boards on the 300,000 sq ft Cromwell Road office block a couple of years ago. J. Sainsbury moved in under the offices, but the 1960's block wouldn't sell.

Commercial agents Richard Ellis had a number of propositions to look at. One that fell foul of the Royal Borough of Kensington and Chelsea was a plan to turn the building into another massive airport hotel. The thought of so much extra traffic helped kill that.

Residential agents W. A. Ellis lent a hand last year with valuation work when a flats option was first proposed, and, racing for a sale before privatisation, it is understood that British Airways eventually took around £20m for the building from Manhattan Developments.

Manhattan is merely the joint-holding company created by Land Investors, the quoted property group headed by David Garrad, Berish Berger and Lawrence Bloom, and by majority partner, Farlane International. Farlane is the working title for financier Harry Handelsman's property investment operations.

Handelsman, discreet about specifics when it comes to naming the US shopping malls and commercial developments he's backed in the US and Canada, has been an active supporter of the Berkeley House group in its major London Docklands residential and commercial schemes since 1983. And it is Keith and Graham Meehan's Berkeley House that is taking the lead as project managers and prime contractors in a £30m, two and a half year refurbishment that will create over 400 apartments in the block.

"What I like about it," says Handelsman, "is that this is a concept that is very much accepted in the US, and I'm personally quite sanguine about its being accepted by the English public. The English market is becoming more educated about standards of accommodation—it is a sophisticated market, that's not in question—but people are more agreeable to new ideas, such as incorporating shopping malls and other facilities where they live."

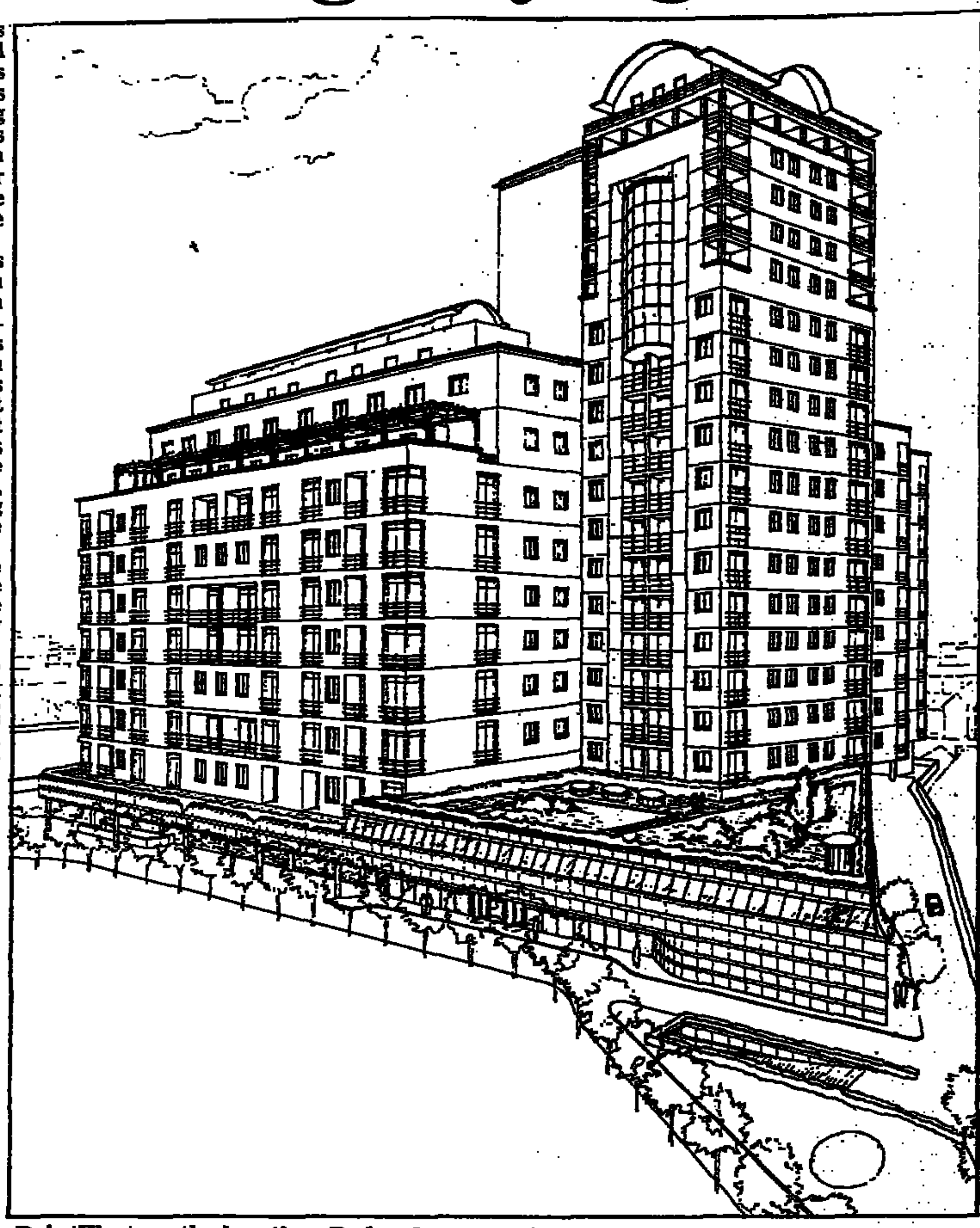
"Here we have to keep the high ceiling and it gives the space with the views. I believe the English public will be very positive."

The space point is important, because the flats planned in PointWest do have ceiling heights to match expansiveness of views. And it is a neat design trick, giving every flat an out-over-London view, that has helped to make commercial sense of the project.

As an office block, the Cromwell Tower had the big area floor plans needed to house the airline's teams of desk-and-phone tied reservation staff. But that makes a poor shape for housing, unless you don't mind windowless inner-core apartments.

Berkeley House's Michael Baumgarten took the natural option of cutting a light-well down through the centre of the block. But that alone would only have given inner flats a view of other inner flats across a hollow central area. So, he's laid out the flats so that every one has an outer-building room or rooms, and has taken the bedroom space in and back on to the next floor down. The result is that the majority of the apartments have a two-level, duplex effect, and a view.

In the process, the design avoids having corridors along every single level of the block. That saving in circulation space alone will have significantly improved the amount of usable-saleable space, and has enabled Berkeley House to allow for refurbishment costs of £100 a sq ft—well in line with Kensington's best-finished mansion flats—without the problems of working within a tired old building.



PointWest south elevation: Redevelopment of the West London Air Terminal is one of the largest office to residential conversions ever undertaken in London, providing about 400 luxury apartments.

Complete replacement of the building's old access tower creates a 17-storey, 57-flat addition to the residential space, and provides more window and balcony space for what are genuinely stunning views across west central London.

"There are so many ageing mansion blocks that are good inside, but where the common entrance parts are disappointing," says David Garrard, "this is a unique opportunity to create a very luxurious effect in a brand new building."

Every developer says that. But here, with a big concrete-frame block right at the west end of the main run from Heathrow to Central London, there is the scope to build on a New York scale.

Beneath the block three levels of car parking make it possible to offer every apartment a car space. Above, there's room for a full scale restaurant, shops, and health club as well as a full service business centre. The impact of these in-service charges is minimal, since the facilities are to be independently run and flat owners can join or not.

Overall block management charges, for 24-hour security, porterage, on-site building management and so forth will be spread across 400 flats. And like a condominium block the owners will eventually take direct responsibility as shareholders of the PointWest management company. Unlike a New York co-op, with their restrictions on new residents and effective control on sales, the open market will determine who buys and sells in this UK equivalent.

When the block is completed, Cluttons have agreed to act as managing agents with a resident office providing a lettings and sales service for residents. In the meantime, sales of what will probably be 99 to 125 year leases, will be handled by Savills and by Lloyd's Black Horse Agency from the sales area being built in the block itself (01-835 1166).

Prices run from £110,000 for a 320 sq ft studio on the lower floors, and £160,000 for a better view, slightly larger single flat higher up. One bedroom units are going to be marketed at from £165,000 to around £200,000, with floor areas from 500 sq ft; two bedroom flats are £250,000 to £300,000 for 900 sq ft and upwards; three bedroom apartments will be £425,000 to around £465,000 for at least 1,200 sq ft. The penthouses haven't been priced yet, but they are likely to be over a million, and Keith Meehan has already booked one of those for himself.

The flats come carpeted, with fully-fitted kitchens, bathrooms and individual electric central heating—so there are not the area heating charges that commonly boost service costs in bigger blocks. Buying off-plan involved an initial 1 per cent returnable depost, the other 9 per cent on exchange of contracts within seven days and a stage payment of another 10 per cent at the end of March 1988.

It is difficult to see how PointWest can fail to become a classic residential trading stock from day one of the sales launch.

Dealers taking a two and a half year view on the completed values will make comparisons with the Chelsea Harbour river view apartments, where the initial sell-out has already seen stock-bought units appreciate smartly.

It is 10 years since the block was last used as a passenger air terminal, but that position—and the view—hold the key to its appeal for the residential funds lookinf for rented flats, as well as for regular London visitors who need a Manhattan-standard base here.

With Sainsburys downstairs PointWest may even sell to the locals, although one doubts if even the Trump Tower management has any tips on how to handle an influx of rogue supermarket trolleys.

Farms

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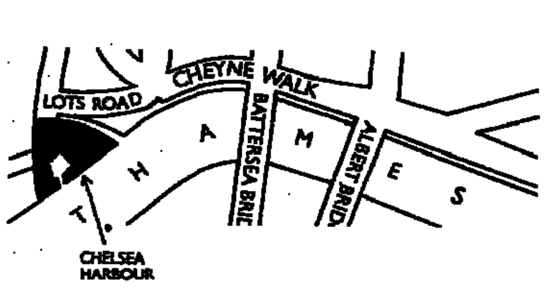

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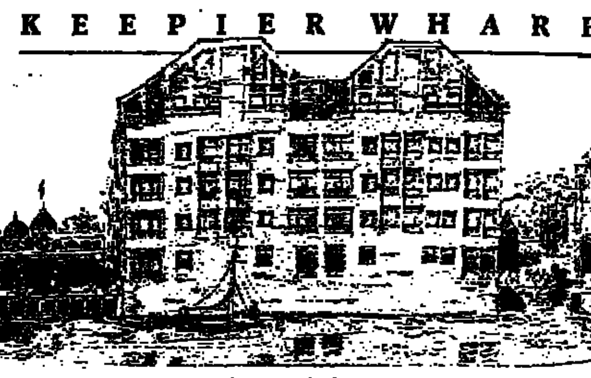

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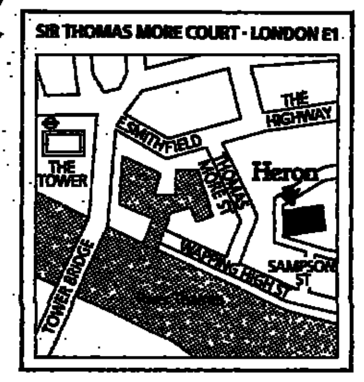

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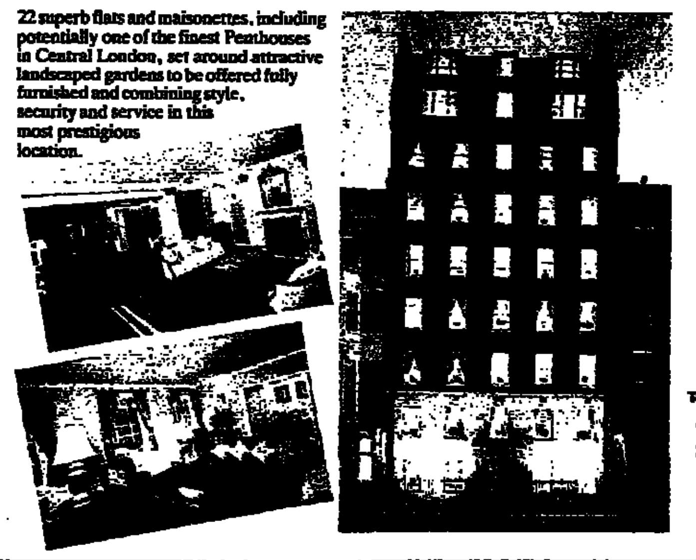

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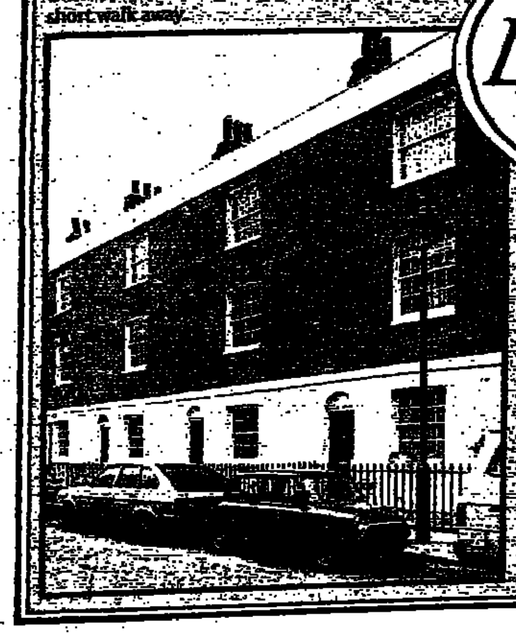

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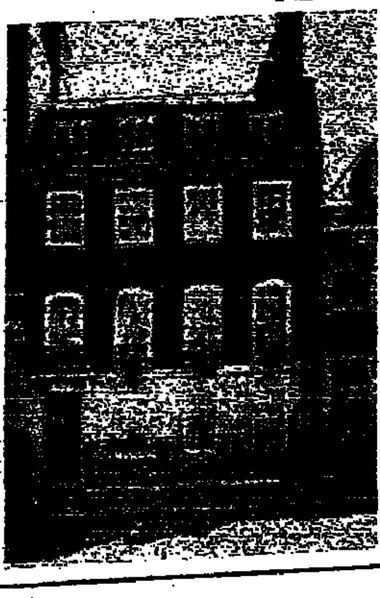

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PROPERTY

John Brennan on apartments for people who need elbow room

Flats—at your service

FOR PEOPLE who need elbow room, serviced apartments are one way to fill the gap between renting a flat and the expense of a hotel suite.

Yet, these "apart-hotels," increasingly common in the rest of the world, are few and far between in London because of the relative shortage of top-class hotel space. It has tended to be more cost-effective for hotel operators to provide higher-margin, full-service accommodation than room space alone, so additions to the capital's serviced apartment stock are unusual.

One such is comparatively tiny, adding no more than a couple of additional one-bedroom units to the accommodation at Draycott House, SW3. Draycott (01-584 4659), having been operating for just over 10 years, was one of the first of the serviced apartment businesses to offer the kind of international standard visitor services that you normally associate with a major hotel.

Excluding value-added tax, one-bedroom apartments are from £425 a week, while three-bedroom suites up to £1,100 a week compare with nearly £700 a week for a single room in Brown's Hotel (over £1,000 a week in the Hilton or Hyatt Carlton Tower).

St James Court (01-834 6655) is on quite a different scale and, as it stands between Buckingham Palace and the Palace of Westminster, it is a potentially far grander base than the 13 apartments available at Draycott in its quiet side-street off Sloane Square.

It is also for larger, the Raj International Hotels' £45m refit of these Edwardian buildings having created a total of 97 serviced apartments around the 371 rooms and 19 suites of the St James Court Hotel itself.

Prices range from £666 (ex VAT) for studio units, £935 for one-bedroom apartments, and up to £1,375 for really big three-bedroom apartments with ample room for entertaining.

Expensively lumpen interior decoration and unimaginative lighting has not made the most of otherwise airy Edwardian-scale rooms. But at roughly half the cost of equivalent short or medium stay accommodation in a luxury hotel, and with as much of the hotel room service as you want on tap, the pricing is competitive.

A year's rental of a fully-fitted two-bedroom flat at £300-£400 a week does not seem so hefty when set against the £900 to £1,000-plus that you would expect to pay for equivalently well fitted serviced space.

NEWS IN BRIEF

FEW OF London's residential tenants are willing to abandon the SW1, 3, 7, 10 and W8, 11 and 14 postal districts, according to Philippa Ramsay of Savills' rental office. She reports that "the glut of property for rent at the end of 1986 seems to have disappeared," and that there is a shortage of three to five bedroom houses and flats at between £500-£800 a week in the central area.

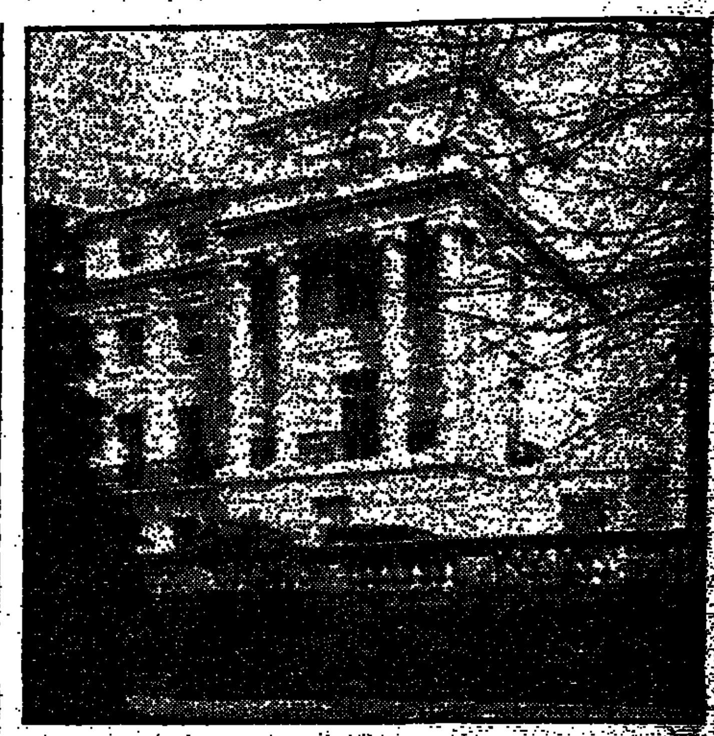
Apart from executives on a one or two year tour of duty in London, the agents report a fair demand from employees renting for three to six months while they look for a flat to buy, and from people renting in between a house sale and purchase.

● WEST MIDLANDS buyers are extending their commuting range to get better homes for less, according to Knight Frank Rutley. James Way, in its Stratford-on-Avon office, notes: "We're getting an increasing number of enquiries from Midlands business people."

At Chipping Norton, Stephen Lambert sees villages along the A34 attracting more interest once traffic starts to switch to the M40. To the north-west, Lindsay Wallace of KF & R in Shrewsbury reports an influx of commuters in Shropshire, a 30-minute drive from the West Midlands' traditional stockbroker belt, and substantially cheaper.

● Eight and a quarter acres of mixed woodland forming part of the Walden Woods at West Grinstead near Salisbury, Wilshire, are being offered by John Clegg & Company (0494 784711) with a guide price of £12,000. Planted in the 1930s, the woods form part of a total of 200 acres of mature and underplanted timber being sold in lots ranging from £12,000 to around £118,000.

● APPLY A calculator to the Building Societies Association's recent survey of housing satisfaction, and it emerges that there are a couple of hundred thousand warring neighbours in Britain. The British Market Research Bureau, carrying out the survey for the BSA, asked the 5 per cent of householders who said they were "quite dissatisfied" or "very dissatisfied" with their homes what it was that really annoyed them. Fourteen per cent of this unhappy sub-section blamed the neighbours.



The length of the lease keeps the price of a corner house in one of the Nash rows at Regent's Park, London, down to £725,000. John Vaughan at Hampton & Sons (01-493 8222) has 52 Cumberland Crescent (above), a four-bedroom, three-storey home, available on a 35-year lease. It is the equivalent of just over a flat-rate £20,700 a year until 2023 for a Regent's Park home, which doesn't sound so demanding as long as you can afford to accept the limits to capital appreciation on a medium-term lease.

Country Property

Overseas Property

Farms

The Great Collectors: **Antony Thorncroft** begins a short series

Baron's bid for excellence

"I THINK Van Gogh's Sunflowers is a marvellous painting and I will be at the Christie's sale. The limitations on my bidding for it is the supply of money," says Baron Heini Thyssen-Bornemisza. No man on earth has a finer art collection than the baron: one woman has, the Queen, but while the Royal collection has been frozen for generations Thyssen, at 65, has an unquenchable zest for new acquisitions.

He is also one of the handful of men—most of the others are directors of well funded museums—who can even contemplate buying the largest version of Van Gogh's famous painting when it comes under the hammer on March 30. The saleroom is looking for a price of about £10m, a record for any work of art at auction.

It is a shock to realise that such a wealthy man as Thyssen suffers from the same financial restraints as everyone else, albeit on a much more exalted level. "I don't use capital to buy works of art. It all comes from income—and loans." His ability to bid for the Van Gogh is determined by the current profitability of his business empire.

Thyssen's fame as an art collector has over-shadowed his greater achievement as a shrewd industrialist. In a little over a decade he has built up a billion dollar plus financial holding in the US, which covers everything from pump manufacturing to information technology. Today two thirds of the baron's income flows from across the Atlantic: the rest, built around a substantial interest in Rotterdam port and Heineken brewery, comes from Europe. But the baron has so organised things that his eldest son, Georg Heinrich, runs it all, helped by daily telephone conversations with his father.

And it is very much dealing rather than buying. The baron first took an interest about 40 years ago when his father died and the magnificient collection he had amassed was divided up among four children. After tough negotiations with his siblings the baron succeeded in reforming most of it. Since then he has been a force in the art world, well-known to all the leading dealers, collectors and salerooms. His information service is second to none. He now has about 1,500 paintings, over 1,000 more than his father.

It is not a static collection. The Baron might add 10 pictures a year in his quest to upgrade its quality and to introduce important artists. But he is no collector of names. He was offered a work by Vermeer, that rarest of artists, but it was not a good example so he passed it by. He has sold up to 30 minor works at a go. Most of his deals are concluded privately — "auctions these days are too expensive for me". His last acquistion was a painting by the Dutch 17th century artist, Hunthorst.

Here are two examples of how he operates. He was keen to acquire a particular painting Gauguin. To raise the money, he put a Degas into a Sotheby's auction. As things turned out the Gauguin cost him less than he expected so, to hang on to the Degas, he raised his reserve price at the last minute and the lot was bought in. "I was not very popular with Sotheby's.

(He is a director of the auction house, which saves him from paying a seller's commission, but, apart from receiving informed opinions on the possible sale price of works of art coming up for auction, a service available in theory to anyone, he reckons he enjoys no outlandish privileges.)

Another example of the baron in action concerns the acquisition of a major Tintoretto, Paradise, the most expensive picture he has added to the collection. It is valued at $6m, but was paid for, not in cash, but with a Rembrandt and another, smaller, Tintoretto. If this sounds like wheeling and dealing, one factor is paramount: the baron's eye, and his appreciation of the work of art.

In the 1960s Thyssen transformed the collection by adding paintings of the 19th and 20th centuries. He was early into the German expressionists. Today he has little time for contemporary German or French art, but fulfils the role of a modern patron by commissioning British artists (like Lucian Freud to paint him, and Michael Andrews to paint his British country home, Daylesford in Guoucestershire). His taste, and knowledge, enable him to buy paintings before they become fashionable. After the German Expressionists he developed a liking for the baroque art of the 17th century. It subsequently appreciated rapidly in price at auction, although the baron thinks it is still cheap.

In his view, Old Masters are available at bargain prices compared with the Impressionists and Moderns. For these he is often out-bid, especially at auction. For example, he was interested in acquiring the Braque which sold at Sotheby's in December for £6.6m. He was even prepared to sell his own Braque of the same period to raise some of the money. In the event thet auction price was above his means and he made do with a Juan Gris, which now hangs at Daylesford.

Thyssen is much more than a rich man indulging in an expensive hobby. As soon as he gained control of his father's collection, he opened the monsion in Lugano where they were housed, Villa Favorita, to the public. He has just commissioned the British architects James Stirling, Michael Wilford and Associates to design a new gallery to cope with the late 19th- and 20th-century art that he has added to his patrimony.

Not only does the public have access to most of Thyssen's art: it also gets a changing show. In 1983 he arranged a swap with the Soviet Union, which brought 40 important Impressionist paintings briefly to the West in exchange for Thyssen treasures. He is repeating the exercise this summer. Before then Villa Favorita will play host to Faberge jewels from another great collector, Malcolm Forbes, of Forbes Magazine. When most national museums are reluctant to lend works of art, especially fragile Old Masters, Thyssen is generous with his treasures with about 40 per cent on loan at any one time: among the paintings going to the Soviet Union is perhaps the masterpiece from his collection, a Holbein portrait of King Henry VIII.

Baron Heini Thyssen-Bornemisza in his galleries at Villa Favorita, Lugano, Switzerland

It is one of his favourites, along with the famous Ghirlandaio portrait of the Florentine beauty Giovanna Tornabuoni which has never left his care. Another particular favourite is Renoir's "Cornflowers," his first Impressionist buy, which hangs alongside a Matisse in his bedroom at the villa. But his real enthusiasm lies with his latest purchase.

Just as the baron's eye has taken him up to the modern masters, and now back to the 17th century, so it has extended outside paintings. A ballet design by Bakst captured his imagination in a gallery a few years ago: he now own 56 drawings of costumes and sets by the leading dance designers, especially those working with the Ballets Russes.

The value of his art works, which include Renaissance jewellery, silver, furniture and textiles as well as paintings, is impossible to estimate. The Holbein alone must be worth £10m. There are gaps—no Boticelli and, taking a quantum art leap, no Jackson Pollock. He would like a better Rembrandt and a more exciting Raphael. There is also at least one fake: he was taken in by a master forger of Mondrian but is quite cheerful about it.

Owning such a collection inevitably creates problems, notably about its future. The baron is negotiating with his heirs (he has four children) to ensure that most of it stays intact. He has to come to terms with them about 250 key pictures, which represent two-thirds of the total presumed value, and hopes to add more to this artistic inheritance.

Thyssen brings to the art world the acumen he has learned in business. He was 30 before pictures grabbed his interest but since then he has devoted much of his considerable energy to matching the cunning of the dealers and the greed of the salerooms. "What I buy does not depend on money: it is governed by what comes on the market. I'm buying fewer pictures now because fewer good things are appearing." Although he has as great an appreciation of art as any 19th, or 16th, century connoisseur there can be no denying that the baron's art has been an excellent investment in cash terms—except that the greatest bargains will never be sold.

He might never have a successor. As prices rise higher for the few masterpieces that still come on to the open market, it will be left to the richly endowed American museums to out-bid a declining number of rich collectors. Thyssen is unlikely to buy the Van Gogh. It would require too great a sacrifice of other pictures and future income. But he will doubtless be bidding for something at the auction, carrying away a picture by a lesser known artist who will be all the rage in five years

Curator Frank Holland with his Wurlitzer

Museum of music

Martin Hoyle visits a London church of very special note

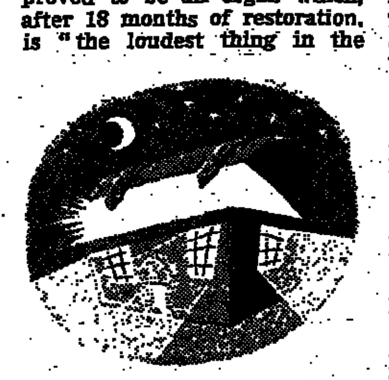
THE PROSPECT is unpromising: the windswept wastes of Brentford High Street ripe for redevelopment or already bristling with unimaginative slabs. To the south, Watermans Park (and the lively arts centre, belying its red-brick garage exterior), the Thames and an ultrariparian glimpse of greenery. To the north, muddy yards dealing in "second hand timber—tyres partly worn . . . These premises are alarmed"—I'm not surprised—"dogs loose."

A giant gas-holder dwarfs a crumbling Victorian church. The sign with an engagingly hand-painted look to it proclaims this The Musical Museum, a dusty mock-Gothic setting for the largest Wurlitzer installation in Europe, Princess Beatrice's pianola, the Foto-player for the silent cinema (gun, tom-tom, locomotive whistle attachments), 30,000 piano-rolls and Frank Holland, onlie begetter of the museum whose mixture of pride and wistfulness is epitomised by his rueful boast, "We've got everything here but money."

To obtain the premises, Holland cheerfully claims, he prayed. "I saw the Archdeacon. In 10 minutes the church was mine. The roof was leaking, pews were awash. The floor blocks were up; children had tried to set fire to them." For 22 years St George's has seen "50 tons of stuff moved in and out without a penny of paid help." Devoted volunteers include a retired bank manager and well-wishers who casually produce such treasures as the fragments of wood and metal that turned out to be a mid-Victorian music-box. To the strains of Gounod, Holland explains how a fellow collector restored the teeth (£25 per tooth), partly through a collecting-box appealing "for the dentist's bills."

Despite Holland's interest in historic pianos — several are farmed out to Holdenby House, near Northampton—the museum now specialises in self-playing instruments. These were made until surprisingly recently (he has the last American Chickering, made in 1942) and piano-rolls are still manufactured in both America and Slough.

The museum often lends its pieces for special occasions. One Steinway pianola has regaled the Savoy with Gershwin playing Gershwin: the rolls of evergreens (and slightly wilted) are all here—Lady Be Good, Rhapsody in Blue, Tee-oodle-um-bum-bo from *La la Lucile*. Treasures include a "dirty old box" from the basement of the Theatre Royal, Drury Lane, that proved to be an organ which, after 18 months of restoration, is "the loudest thing in the



Treasure Trove

museum"; and specimens of the Orchestrion. These German musical cabinets, smaller indoor versions of the fairground organ, were made for large rooms in country houses.

The 10 ft high edition is a Number Three. "Adelina Patti had a Number Seven at her castle in Wales," he says longingly. "She'd have it on while guests played billiards." A Number Four, its little hammers, invisibly manipulated, tinkling out a xylophone tango, came from a truck-drivers' cafe on the Southend road. Restored it should be worth at least £20,000.

An off-season visit brings home the shortage of funds for maintenance, restoration and purchasing. Pale sunlight filters through the Hammer-Horror stone tracery of the icy church ("They don't play well in cold weather, I'm afraid," he murmurs tenderly of his charges); partly dismantled instruments are piled in corners, miniature bellows, wheels and drumsticks exposed like lungs and intestines. Electric cables dangle or trip you up. Frank Holland, hooked on player pianos for 70 of his 77 years, fighting hypothermia with a velvet smoking-cap, gives an unstoppable run-through of the 90-minute lecture-tour that constitutes a PSA ("pleasant Sunday afternoon") for the paying public. The initiated may glimpse the windowless vestry, walls lined with books and boxes, that serves as bedroom-study, or take coffee in the kitchen / bathroom / boardroom with its wash-basin, kitchen-sink and wooden-lidded bath. (In the summer Holland uses a shower in a outhouse behind the church.)

Seated at the immaculately-laid table (fresh carnations), warmed by a beautiful fan-shaped tulip-lamp electric fire ("made from the Ponder's End works, 1912") and hemmed in by period radios including the 1937 gift from his old firm RCA, Holland reflects sadly on British officialdom. Berlin has a glittering new £15m mechanical music museum; Queen Beatrix opened Utrecht's £5m collection; Holland's old friend Siegfried Wendel houses his self-players in the Rhine castle of Rudesheim, a proudly-maintained local tourist attraction. Brentford receives no public funding, though the V and A has helped with particular purchases.

Open only on weekend afternoons from April to November, the museum keeps going on the revenue from its 3,000 annual visitors at £1.50 a head. Half goes on new acquisitions, from opportune bargains like the entire stock of spare parts from the defunct Aeolian Piano Company to the collection's pride and joy, the Wurlitzer made for a Chicago millionaire's own home, the only automatic roll player in Europe, now with grand piano attachment. Other pleasures include the Hupfield Phonoliszt Violina (mechanical violins) and the Perpendicular Pianforte, invented in Bayswater in 1878, where the keyboard was presumably clutched between the knees and played like a harp.

● **Musical Museum, 368 Brentford High St., Middlesex (01-560 8081). Open weekend afternoons, £1.50 admission.**

Saleroom

The broadest canvas

VISITORS to the Barbican this week-end will be confronted in the main entrance hall by a huge painting of a naked man staring heaven-wards. "Ah," they will say," that's King Domalde, mythical king of Sweden, offering himself as a sacrifice to the gods to save his people from famine."

And they will be right. What they might not realise is that they are gazing at a half of the largest picture that Sotheby's has ever offered at auction. Known as "Winter Solstice," and painted between 1911 and 1915 by the Swedish artist Carl Larsson, it measures, when joined up, 21 feet by 45 feet. It was too long to fit into Sotheby's Bond Street saleroom —hence the temporary loan to the Barbican—but it will be sold from there next Wednesday.

The "Winter Solstice" has always created problems. It was designed for the National Museum in Stockholm, which left a large, prominent space for it. When it was completed the Trustees recoiled at its violence, its nudity, and its lack of historical coherence and said "no thanks." Larsson had taken a symbolical approach, and walked off in a huff with the painting tucked under his symbolical arm. Inevitably time turned it into a masterpiece and until recently it graced the Historical Museum in Stockholm. Now its owner wants to cash in on its notoriety and Sotheby's expects to make him up to £1m.

Of course there is an outcry in Sweden, and while the director of the National Museum is taking the negative line of his predecessors, the Historical Museum wants the painting back. There will definitely be Swedish bidding but these days the art of Scandinavia is much collected, and fans of symbolist art, with hangar-like drawing rooms to decorate, might well be competing. If the Museum fails to retrieve it perhaps a major Swedish company will repatriate it for its entrance hall.

The National Gallery of London can take some of the credit for the fact that Sotheby's sale is devoted to Scandinavian painting. In 1984 it held an exhibition of Danish pictures of the "Golden Age," the early years of the 19th century. It was an eye-opener. It certainly opened the eyes of the auction houses, and Sotheby's soon followed with a sale of Danish art, building up the reputations of the artists of the later 19th century. The peak was reached when the National Gallery paid £276,000 in June 1986 for a work by the leading naturalist Danish artist, Christian Kobke.

In another example the Norwegian landscape artist Frits Thaulow reached a price peak of £151,200 in November 1984. This brought a flood of his lesser works on to the market and last summer both Sotheby's and Christie's offered four of his paintings. Only one found a buyer. Three more come under the hammer on Wednesday, all estimated at well under £100,000; they will give a good indication of how successful the auction houses have been in broadening the demand of Scandinavian art outside of its home territory.

Alex Apsis is the chief evangelist at Sotheby's. His message is simple," why pay £300,000 for a second rate Renoir when you can buy a masterpiece by a Scandinavian, or Austrian, or Spanish artist." After the success of the Danish sale, Sotheby's promoted the Viennese School of around 1,900 last year, and is now going north again. Critics say it is hyping the second rate: it says, boldly for an auction house, that it is asking dealers, and the public, to buy pictures by concentrating their eyes on the canvas rather than on the inscription underneath. "Buy art rather than artists."

Of course, with Impressionist and modern pictures of the top quality now regularly fetching £1m, it is very much in the interest of the salerooms to develop "new" artists for the less wealthy collector. Sotheby's has done its best to break down nationalist barriers by including British Victorian paintings in its 19th cetury continental sales, and listing artists by period rather than by country of origin. It has had some success in weaning Germans off German painters, Spaniards off Spanish.

But most of the buyers on Wednesday will be from Scandinavia. In particular, outsiders will blink at paying a forecast £40,000 for "The Green Apple," which measures slightly less than six inches by slightly less than four inches. It is by the Finnish artist Helene Schjerfbeck, unknown here, but revered in Scandinavia. Another painting likely to return home is "Under the birches" by Albert Edelfelt, also a Finn. Its idyllic composition of two girls in white dresses beside a lake would sell it easily if it carried a more famous name, but its estimate of up to £150,000 will deter blinkered, foreign dealers.

Apsis is convinced that the failures last summer reflect no more than a brief pause. A Kroyer of fisherman pulling a boat, which was bought in at £140,000 last time round, carries a lower estimate this week and should sell, if at still well below the £242,000 he achieved for another work at Sotheby's in 1985. There are a couple of interiors by the Danish artist Vilhelm Hammetshoi who most resembles Vermeer in his mastery of still introspection: "Rainy weather" seems modestly estimated at up to £80,000. The art market is more fickle than most, quick to pick up a trail but slow to take a chance. It has not quite made up its mind about Scandinavian painting: it could regret its caution.

Carl Larsson's giant "Winter Solstice," to be auctioned at Sotheby's

Antony Thorncroft

Chairman's choice

Away from the Stock Exchange, Sir Nicholas Goodison pursues art. Susan Moore reports.

AS A recent Robinson Crusoe on radio's *Desert Island Discs*, Sir Nicholas Goodison claimed as his one luxury Bernini's *Apollo and Daphne*. A sculptural masterpiece is not such an unlikely choice for a chairman of the Stock Exchange who is also chairman of the Courtauld Institute of Art, honorary keeper of Furniture at the Fitzwilliam Museum, Cambridge, and author of books on English ormolu and English barometers.

Wearing yet another chairman's hat, that of the National Art Collections Fund, he has been asked to make a selection, not of music, but of objects from "the Wallace Collection of the North," The Bowes Museum at Barnard Castle. The resulting exhibition, "Chairman's Choice," is on show until May 4.

The purpose of the exercise appears to be twofold. Its organisers aim to publicise the work of the NACF, which has done so much to enrich the Bowes collection over the years. Sir Nicholas hopes also to "provoke a thought or two in the minds of visitors" by juxtaposing a variety of objects inspired by the subject matter, style or spirit of classical literature and art. He read classics at Cambridge and laments the subject's virtual disappearance from our schools has resulted in the loss of a common heritage.

"This," he adds, "surely should be the aim of any exhibition." Can this be read as a manifesto for a museum directorship?

Works or art produced during classical revivals conveniently are also representative of the museum's holding. Thus, in the exhibition gallery, purposely given a domestic character, there are paintings, architectural drawings, sculpture, porcelain, maiolica, silver, furniture and clocks dating from the 17th to the 19th centuries. There is even automata, a Beauvais tapestry and an English harpsichord. The objects' only common link other than classicism is that Sir Nicholas either liked them or found them amusing.

There are no Berninis in County Durham but there is a spirited terracotta group by Clodion of a pipe-playing satyr with two dancing fauns. This was particularly admired, as was Pieter de Faes' delicate still-life of lilacs where a classical vase is merely an incidental prop. One exhibit that certainly was not liked is a "supremely vulgar," large, mid-19th century Meissen vase taking its shape from the Louvre's Borghese vase but painted with views of Dresden. A classical spirit pervades Goya's direct portrait of his friend, Don Juan Antonio Meléndez Valdés, one of the Spanish "illustrados" of the Age of Reason. This is much more to the chairman's taste.

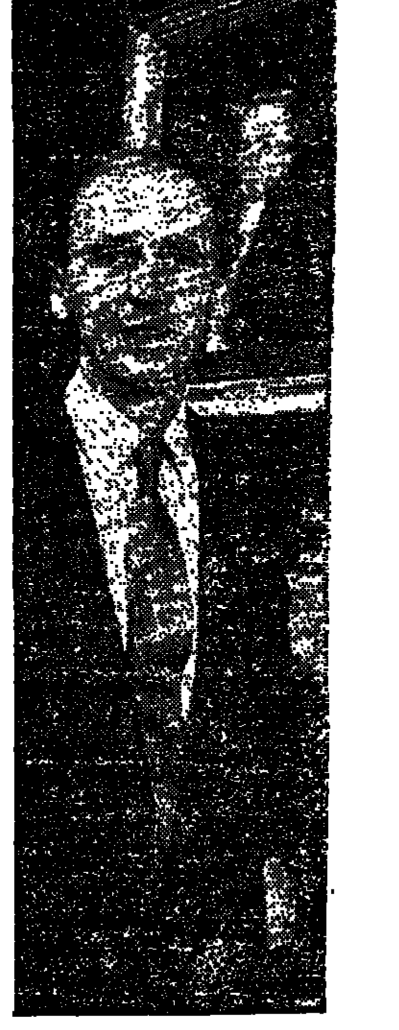
Beside an Empire portrait of Napoleon's sister, Pauline Borghese, are a pair of English tripod lampstands, complete with lion masks and claw feet —straight out of Thomas Hope's *Household Furniture and Interior Decoration* of 1807. Surmounting them are a pair of French bronze, gilt and marble candelabra Bacchantes. A French clock-barometer supports Ionic columns and a flame-topped urn, while a Manchester cellaret is modelled on a sarcophagus. Pictures range from a Poussinesque Nativity and idealised Italiante landscapes to architectural cappricci and a grisaille *trompe l'oeil* panel of grotesque decoration.

Dominating the room (or at least vying with the pervading, heady smell of hyacinths) is a handsome English mahogany breakfront bookcase attributed to William Hallett, of around 1760. Its carving includes acanthus leaves and the Greek key pattern despite its bow front. The most intriguing piece on display is an apparently unique (but altered) burr elm "cabinet of curiosities" made for the plant collection gathered for Mary Eleanor Bowes, Countess of Strathmore, at the Cape of Good Hope in 1778-79. Its debt to antiquity is the seven finely carved boxwood cameos, only one of which has been identified.

Some of the most delightful exhibits are to be found among the ceramics. From 17th-century Castelli and a maiolica dish featuring Europa and the Bull, we jump to neo-classival Sevrès cups and saucers imitating lapis lazuli and superb Rococo confections—a Derby Neptune and floral-cloaked Phaeton and the Horses of the Sun, modelled at Meissen by the masterly J. J. Kändler. The classical past is just another source of subjects and decoration. Its sober mantle has not managed to suppress their exuberance.

If the exhibition prompts anyone to make the effort to go to this remarkable treasure trove, they will be amply rewarded. Its great strengths are its French decorative arts and Spanish and Italian Old Masters but try not to miss a performance of Merlin's famous silver swan automaton. A first sight of the Bowes, built as a museum by the childless John Bowes and his French wife Josephine (with her money) between 1869 and 1882, is memorable in itself.

Turning into its sweeping drive and formal French garden, it comes as quite shock to see a gargantuan chateau looming above, 100 yards long and 100 feet high. Half-close your eyes and you are transported from the Tees to the banks of the Loire.



Sir Nicholas and the Goya portrait at Barnard Castle

Claret up at auction

ALTHOUGH generally the auction room prices of leading clarets have yet to regain their early-1985 peaks, Christie's sale on Thursday showed them recovering from their trough in the second half of that year and the following six months.

This week's best price per case for sought-after classed growth, with 1985's best figures in parenthesis, provides a fair picture.

Ducru-Beaucaillou '61—£850 (£840);
Leoville-Las-Cases '61—£780 (£720);
Lynch-Bages '61—£620 (£740);
Latour '66—£850, magnums (£920, bottles);
Palmer '66—£680 (£700);
Lafite '70—£720 (£980);
Latour '70—£600 (£760);
Haut-Brion '70—£520 (£720);
Lafite '78—£460 (£700);
Latour '78—£460 (£580);
Ducru-Beaucaillou '78—£240 (£240);
Lafite '82—£520 (£680);
Latour '82—£540 (£540);
Ducru-Beaucaillou '82—£250 (£320);
Leoville-Las-Cases '82—£230 (£300);
Beychevelle '82—£155 (£220).

However, that saleroom wonder, Petrus, has some way to go. This week a case of '75 made £1,650, compared with £2,300 in 1985 and £1,900 last year, and the highly esteemed '82 brought £1,700 as against £2,750 and £2,100 respectively.

Edmund Penning-Rowsell

Gardening

Hedging round the problems

IT IS TIME I lived up to my promise of positive thoughts on hedging. To judge from your letters, negative thoughts about Leylandii "Cypress" command general assent: it even upsets TV watchers who find it anachronistic in the filming of pre-war TV serials, set before it was invented. What can we try in its place? This week, I will discuss evergreens only, but I hope you will try to see my suggestions in a mature planting. Here, I recommend a visit to various botanical gardens. Most of them display short runs of hedging plants, while all of them have mature evergreens in particular beds and corners.

I have found the Edinburgh Botanic Gardens particularly helpful. They show several mixed hedges of different evergreens in the little enclosed gardens which you can find in the section behind the long herbaceous border. It is no good choosing a hedge from young plants, seen in a garden-centre. Their height, thickness and texture vary too widely with age.

At this point, I must publish an embarrassing document. It has been in the pocket of my Barbour jacket since I last took notes in Edinburgh and begins: "Hedging section: Cupressocyparis Leylandii. Not so very dreadful." Perhaps the Scottish light softened some old dislike, but I now dissociate myself entirely from that comment, having tangled with big, unpruned examples of the variety. I report it only to give pleasure to the minority among you who sent photographs of clipped Leylandii as feathery building-blocks, hiding the neighbour's bungalow, cedarwood greenhouses and in one case, the garden-house which a husband had built himself in order to avoid housework and write his war-memoirs in the far corner of the vegetable garden.

May I, instead, agree wholeheartedly with those who spoke up for good old Thuja? It needs one clipping in autumn; it does not go bare at the base; it will flourish on lime or acid soil, though is less happy in clay; it grows quickly and will top out at 12 ft or more. Above all, it will break thickly from old wood if you ever have to cut it back hard after a disaster. It is also long-lived.

I grew up with mature Thuja hedges, now over 50 years old and still flourishing. Recently, some heavy winter snowfalls have weighed heavily on the tops of the hedges which had become extremely wide, but no winter nor frost has ever damaged the tree's growth. The only variety to use is the plain green Thuja Plicata (sometimes mis-named *lobbii*).

Avoid any of the forms which have gold in their leaf or name; accept nothing which is striped with cream (Zebrina) or unusually upright (probably *Fastigiata in disguise*). Do not waste money on big Thuja plants, as they move very much less readily than modest pot-grown stock. Thuja is least happy on heavy soil, but it will grow well on shallow soils instead and bushes out pleasingly on that curse of good gardening, a chalk ridge.

At Edinburgh, I first came round to two good forms of Lawson's "Cypress." The normal Lawson is a bloated creature, and as you might guess is wholly resistant to cutting back once growth is well established. However, I like *Fletcheri*, supposedly slow-growing but only slow in relation to the common Lawson's sprint. Its leaves stick out like fans from the main stem and are a charming shade of bluish-grey which is not too glaucous or vulgar. Fletcheri is a gentleman's conifer, but it can be spoilt by heavy snowfalls on its developing top. Eventually, a hedge of it will reach 10 ft but it will already have made a good barrier after six years. It is not an obvious boundary-hedge, but it looks fine as a division within a garden.

Fletcheri's cousin, Green Hedger, is quicker and much better known, but its green is neither garish nor gloomy. If left unpruned, it eventually produces charming little cones. I can live with Green Hedger, although it cannot be pruned hard if you let the shape slip. Whatever else, do not be deceived by the summer charm of its quicker and more familiar blue-grey relation, called Allumii. This one looks utterly wretched in winter, the acid test of a good hedge.

Away from conifers, I swear by the Osmarea and its dark olive green leaves. Its tubular white flowers appear in April if you let it grow into a slightly informal evergreen hedge about six feet high. Burkwoodii is the only reliable hedger in the family and it is totally hardy. Please prune it only in late April after flowering. Hedge-clipping and autumn are not indivisible. If you want any hedge to flower in spring, you must clip it immediately after the buds have fallen.

Of course I also swear by yew and discount the problem of its poisonous berries: gardeners need hedges in many more places than are exposed to adjoining livestock. Yew will grow quite rapidly, six inches or more in a year, if its soil is well drained and very well manured. I admit it is hopeless in sooty towns and grows much more slowly on poor or wet soil. Big bushes may raise your morale and dent your cheque book initially, but they are a waste of money in the long term as smaller ones overtake them, cost a tenth as much and often branch more thickly.

Lastly, I have a favourite mixture for a long-term effect: evergreen box with an enlivening dash of clipped Portugal Laurel. The laurel's leaf (Prunus Lusitanica) reflects the light while the box is everyone's dream buttress come true. Lawson-lovers may dismiss it as "slow," but we were quite content with this noble hedge's progress until Lawson's Cypress loomed on the scene. The mixture clips beautifully and after eight years evens up into a well-bred hedge whose two varieties cohabit successfully.

Robin Lane Fox

In the bag—but naturally

FARMERS, hard pressed by world overproduction of grain and milk, are experimenting with alternatives and looking for new sources of income. For the dairy and fat stock producers, one always available by-product has in the past been regarded either as unmarketable, except locally, or too valuable on the farm to be allowed to leave it. This is the manure produced by the cattle which, when rotted is the best of all bulky organic materials to maintain the fertility of the land.

Unfortunately, unprocessed farmyard manure is very heavy, wet, smelly, expensive to transport, unpleasant to handle and quite unsuitable for packaging and sale in the ordinary gardening retail outlets. So farmyard manure has been of use only to country gardeners fortunate enough to live near a friendly farmer willing to let them have an occasional load.

But the last few years have seen a change, with several large farming organisations experimenting with cow manure treated to reduce its moisture content and weight, eliminate its smell and make it as easy to handle as peat. Last autumn I visited Lord Rayleigh's Terling Hall Farm near Chelmsford to see how they were coping with supplying a suitable product to Stimgro, an offshoot of the Swedish multi-national packaging company, Tetra Pak.

At Terling Hall Farm the work is centred on just one production unit which can house up to 300 cows. In the summer the cows graze in the fields and only in autumn are they brought under cover. Even then, they are not tied up but are allowed to roam freely in very large sheds, going into stalls only for feeding. Clearance of bedding and manure is done daily by bulldozer. It is pushed straight into a huge slurry pit which is completely filled in three to four weeks.

At this stage the manure, which contains both solids and urine as well as about 5 per cent peat used as bedding, is extremely wet, smelly and difficult to handle. The problem was how to make it reasonably dry and crumbly and to get rid of the stench of the midden. After a few false starts, it became clear there was only one satisfactory answer, namely time for the natural processes of decay—and that meant a minimum of two years.

To make it possible to build this slushy material into an enormous 1,000 ton compost heap, it is mixed with its own bulk of peat. Subsequent treatment is the same as for any good garden compost heap, but on a vastly increased scale. There is periodic turning by bulldozer to bring the inside parts out and turn the outside in so that, over the two year period, every particle gets its fair share of ventilation to ensure healthy aerobic decay. During the first 18 months the manure decreases in weight by 30 per cent and much of the nutrient elements in it are reduced to the basic ions which are all the plants are capable of using.

The composted manure is then brought under cover for a further six months to protect it from rain and to ensure that it is in perfect condition for bagging. I suspect that the nutrient content of the manure would be higher if it could be under cover from the outset. But presumably this would be too expensive, at any rate at this early largely experimental stage. I found it impossible to get any figures for probable nutrient content but it is possible to suggest rough figures for uncomposted farmyard manure of 0.6 per cent nitrogen, 0.25 per cent phosphoric acid, and 0.3 per cent potash. I would expect the Terling Hall Farm product to be a little lower because of its 50 per cent content of peat.

However, most users of this and similar organic products will not be greatly interested in such figures as they will, quite rightly, value these bulky materials for their effect on the texture and general well-being of the soil rather than on the precise quantity of chemicals they bring to it. Many will also point out that these manures also contain a variety of essential trace elements as well as the main chemical elements of the average compound chemical fertiliser.

This is correct, though one must qualify the gain by warning that only such trace elements present in the cattle fodder will reappear in the manure.

Stimgro recognises this when it uses the composted manure to make feeds for lawns and roses. For these purposes a general purpose garden fertiliser is added to the basic compost at the two-year period. A further six months is allowed, during which the teeming micro organisms in the compost break down the chemicals into their ions, which differ not one whit however they have been produced.

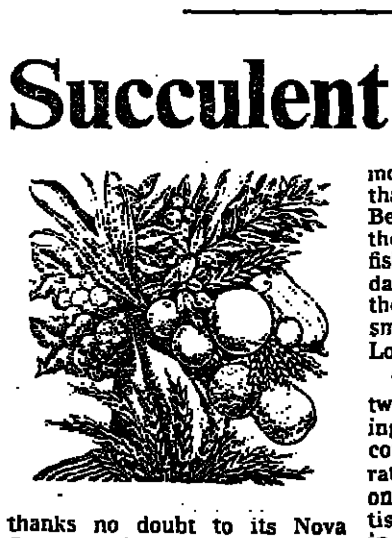
I think it is at this point that the extreme organic gardeners and the scientists face one another in almost complete incomprehension. Perhaps the former will not be convinced by the Stimgro apologia for the rose and lawn feeds. However, they can rest assured that in both the basic composted manure and the multi-purpose compost for potting, seed raising etc, no chemicals have been added at any time. The difference in these products is in the milling and the addition, where appropriate, of sand.

In price these manure-based composts differ little from those based on peat. It is difficult to think of anything comparable for the manure itself, but for small to medium size gardens it would seem to be a reasonable proposition. In really big gardens it would become impossibly expensive and those owners who have no friendly farmers or stable owners nearby will probably have to go on using whatever bulky organic material is locally available.

Arthur Hellyer

Food for Thought

Succulent salmon



THE WORLD can be divided into smoked salmon people and others. This division is not the same, as you might suppose, as the gulf between the haves and the have-nots.

Smoked salmon people are gin and tonic people. Before readers join me in excoriating the vulgarity of this kind of person, let us remember that smoked salmon is very nice (as is gin and tonic). It is a kind of everyday luxury which has never lost its cachet of specialness, its sense of reassurance that the host has taken trouble (which of course he has not) and that money has been spent (which it always has). It is also very British, in the sense that all kinds of foreign neddies have a go at it but can't quite get it right.

The French are, of course, absolute duffers at smoked salmon. It is often there on the most expensive menu (always composed of very dear ingredients rather than fine cooking). It is almost always called "Saumon Fumé de Norvege" and is cut too thick, like French raw ham, and is bright red, dryish and definitely iffy.

New York is probably the world centre of smoked salmon, with hundreds of thousands consuming it at stress-racked brunches of lox-n-bagels. I cannot understand, let alone share the current fondness for the bagel which I find is akin to eating cricket balls. But usually there is cream cheese and generous amounts of something called Nova Scotia Belly Lox, which ought (by the rules I am about to issue) to be the very best kind of smoked salmon but doesn't quite make it: thanks no doubt to its Nova Scotia origins.

Smoked salmon wears two faces and its enthusiasts disagree about which is the nice face. I had not thought about this until I went to a tasting held (where else?) aboard HMS Belfast a short while ago and set up by the Scottish Smoked Salmon Association. There, side by side, were two gentlemen in white coats carving faultless paper-thin slices of the good stuff. One, however, was a nervous looking bloke with a red face and a moustache, looking as if he wished HMS Belfast could sail with all speed to more northern waters. He represented the "Scottish Smoke," which is not merely caught (or farmed) in Scotland but smoked there also.

Beside him presided a smoother man, comfortably chubby, manifestly Jewish, more convincingly a Londoner than Arthur Daley or John Betjeman. His fine piece was the "London Smoke": Scottish fish, brought down fresh as a daisy in the luggage vans of the LNER and the LMS and smoked "somewhere in East London."

The difference between the two fish was, as always at tastings, very pronounced and the conclusion was, for me at any rate, all wrong. Something says one ought to like the fully Scottish product smoked up there in the glens, the smoke mingling with the peaty fumes from the malt whisky distilleries. But I beg you to forgive me dear reader; being a Londoner I preferred the London smoke, not just as I might prefer Verdi over Puccini or butter over margarine but rather as I might prefer virtue over vice. Salmon smoked in Scotland is drier, redder, saltier, stronger tasting, smokier and at a further remove from the raw fish.

The London smoke is yellower (a very pale orange), damper and flabbier. It is more like raw salmon. It is, I was informed, prepared to meet the Jewish taste which brought the fashion for smoked salmon from Poland, where let us assume it originated. Juicier, paler, rawer, it is what I like smoked salmon to be; that is, quite a long way away from the smoke.

I know a man who produces smoked salmon in Rome, which is no more absurd than having a ravioli factory in Sutton Coldfield. His raw material is Canadian and he smokes it right down there in the Holy City, where (dare I mention) consumption is looking brighter since the accession of a Polish pontiff.

Because smoked salmon is a sort of luxury, people are always trying to do inappropriate things with it—mousses and pates and heavens knows what. These, I think, miss the point: the things that have happened to it already are really quite enough. As a cooking ingredient it is salty and disgusting.

Where do you get it? I don't want to hear from anybody with supply difficulties because there are plenty of companies falling over themselves to send it to you by post or courier. And in my part of the world there is hardly a shop that doesn't sell it—it's like tranny-batteries.

Unless you are a very rural person you can go to my favourite source of supply — Marks and Spencer. Good price, and always of good quality. And smoked salmon is one thing that is every bit as good out of a vacuum-pack as sliced on a board before your eyes, if not better. The awful thing I have to confess is that M and S tells me that theirs is farmed and smoked in Scotland, although you always seem to get the moist, inside pieces in the packet. So I must eat my humble pie again: and nobody has tried putting smoked salmon in that.

Peter Fort

Eureka!

LAP-TOP COMPUTERS

First of a regular series on all that is new and useful in high and low tech, gadgets and gizmos

Write and wrong

James Ferguson

The Liberator . . . like other lap-tops, the screen is hard to read without ideal light

AUTHOR Diana Cooper, who has hammered out more than 40m words on a succession of Olivetti portable typewriters, is enthusiastic. "A Liberator. It's just what I need." She is looking at Thorn-EMI's sleek "portable test processor," designed for those who want to write on the move.

She opens the lid to reveal a flat, grey, plastic screen. "Beep," it says in welcome. She types a few words but finds it difficult to see them. She turns the machine this way, swivels it that way. All she sees on the screen is her own reflection, so she uses it to adjust her make-up. At £650 (excluding VAT), the Liberator makes an expensive mirror.

In her brief attempt at liberation, Diana Cooper discovered the main problem of portable computers: their screens, in anything but ideal lighting conditions, are difficult to read. It is one of the main reasons why the machines have not sold as well as personal computers that sit on office desks.

However, this does not mean that briefcase-sized computers are useless. Most travelling journalists now use the cheaper portables to churn out their stories while abroad and about 2,000 civil servants use the Liberator to write reports (be warned—the Inland Revenue has bought a "substantial" number of the machines for its travelling tax inspectors). Representatives for Golden Wonder crisps are among the growing band of travelling salesmen who record orders on portable computers and then send the inforamtion to headquarters via the telephone.

Portable computers, also known as "lap-tops," can do most of the jobs done by desk-top machines, although always a little less well; it is a bit like using a Swiss army knife instead of a good set of full-sized tools. Depending on the size of their internal memories, they can be used as word processors, calculators, and to run financial software such as spreadsheets. The machines are useful because:

● They can be used in trains, cars and aeroplanes; the keyboards are cramped but quiet enough not to disturb fellow-passengers.

● They help you to work in hotel rooms and at home.

● Memos, telexes, letters and reports (even novels) can be written on the machines, amended, and either printed or transmitted to another computer over the telephone. This can save a lot of effort and make better use of previously "dead" travelling time, especially when used in conjunction with an electronic mail service such as Telecom Gold from British Telecom or Easylink from Cable and Wireless.

● Price lists can be stored, easily updated, and displayed or printed quickly for customers.

Portables have a number of drawbacks, though. They are expensive: the cheapest, and most primitive, cost about £300. Most of the better models are between £1,400 and £2,000, excluding software and printers.

All screens on battery-operated models are difficult to read although screen technology is improving and newer models (like the Toshiba T1100 Plus) using "super-twist LCD" give much better definition. The cheaper machines have small screens, which make it difficult to visualise a page, lay out a report and edit text.

Some do not have disk-drives, making it difficult to store and transfer information. Those with disk-drives are liable to break down if bumped. And most lap-tops use storage disks of a different size to desk-top models, making it more difficult to transfer work between computers.

Finally, batteries need regular recharging or replacement—and you have to be able to type.

CHOOSING A MACHINE

If most of your work is done on the telephone and you seldom write anything longer than your signature, don't even think of buying a portable computer. Lap-tops are ideal for people who constantly send telexes and draft long memos and reports; but remember that the computer you carry in your briefcase should complement those in the office—the object of using a machine is to save time and trouble, for you and your staff. Since reports usually are written by producing a number of drafts, and with a lot of help from secretaries or typists, it must be reasonably easy for you to transfer your work to the secretary's machine without it being re-typed if you use a portable.

Most businesses use IBM personal computers, or "look-alike" machines that work in a similar way. Hence, the portables bought for these offices should be "IBM-compatible" as many are. Compatibility usually means that the information will be displayed on both types of machines in the same way; this is especially important for tables of figures and text which have been laid out in a complicated way. But view any claim of compatibility, whether with an IBM or any other machine, with extreme scepticism. Computer sellers don't lie outright—but they do tend to fib a lot.

One of the most common problems with IBM-compatibles is that storage disks on portables are often of a different size to those used in desk-top machines. This means that any information you might want to transfer from your portable to an office machine will take a little longer, and the process will be more complicated than simply swapping disks. Keyboard layout often differs between desk-top and portables, too, although both will be described as compatible.

Check these points as well:

● **Printing.** Small battery-driven printers can be carried with the machines, but most people find it easier to use the office printer. Make sure that the portable is capable of driving your printer to your satisfaction, and that you are supplied with the right wires and plugs. Do not believe any sales promises and insist on a demonstration.

● **Software.** Buy a machine that can run software with which you are familiar. This is especially important with word processing software because it is tiresome to learn new techniques.

● **Modems.** These are devices that enable computers to "talk" with each other over the telephone. There are two varieties: an acoustic coupler which fits over a telephone handset, and a modem built in to the machine, with a plug that fits in a telephone socket. Different types of modems are needed for foreign countries.

● ***Ask for a discount.*** Some manufacturers have rather more machines than they can sell.

RECOMMENDED MACHINES: (prices ex-VAT)

GRID has just launched its GridLite, an attractive IBM-compatible machine with a full-sized "supertwist" LCD screen. A model with 128K of random access memory (RAM) costs £1,480, the 640K model £2,000.

Tandy once led the market with its simple and dependable Tandy 100, much favoured by newspaper reporters. The 100 is no longer made (although some are still available for about £200) and has been replaced by the 102, which is similar to the 100 but has an inbuilt modem. It is supplied with 24K of RAM (expandable to 32K) and has a small screen displaying eight lines of 40 characters. It costs £300. The Tandy 200 has the same features as the 102 but its screen displays 16 lines of 40 characters and its memory can be exapnded to 72K. The 200 costs £600.

THORN-EMI's Liberator is designed only for writing and sending documents over the telephone. Compact, easy to use and relatively inexpensive, but not IBM-compatible. It has 64K of RAM and costs £650.

TOSHIBA makes a popular range of IBM-compatible portables. The T1100 Plus is an improved version of the older T1100, which is still available. The T1100 costs £1,500 and has a full-sized LCD screen, a single 3.5-inch disk drive, and 256K of RAM. The T1100 Plus has a much better "supertwist" LCD screen, two 3.5-inch disk drives, and 640K of RAM, £2,000.

PRINTERS

Compact battery-driven portable printers are scarce. Epsom has discontinued its dot-matrix (although some are still available for about £216), but Diconex, a Kodak-owned company, makes a portable ink-jet printer (2 x 6.5 x 10.8 inches) which weighs four pounds. It costs £400 and is distributed by Norbain Micro.

WHO WOULD FIND PORTABLES USEFUL?

Travelling managers and consultants: Yes. Most managers spend a lot of time replying to letters and writing memos and reports. This work can be started on the portable and given to a secretary to clean up. When connected to an electronic mail service—a type of computerised message bureau linked to the telephone — the portable is extremely valuable. For instance, a memo can be written on the plane to Los Angeles and sent back to the UK from an hotel telephone. Correspondence from London can be read and acted-on from the same phone.

Travelling sales representatives: Yes. Good for holding stock and price lists and excellent for taking and sending orders to headquarters via the telephone.

Writers and journalists: Yes, but only if you travel a lot and need to write while on the move. Otherwise, it is easier and cheaper to use a desk-top machine. If you are writing very long articles or novels, you will need a computer with a big memory and the option of storing text on disk. Portables are not ideal for editing and revising big chunks of text, such as a chapter of a book.

MEMORIES AND DISKS

You do not have to know how a computer works to use it, but it is important to understand some fundamentals.

Memory. When you type on a computer, the words seen on the screen are held in its memory (or RAM). If the batteries are removed or the electricity switched off, the words will disappear. The same applies if you mistakenly give the machine an instruction to delete all the text in its memory, as inexperienced computer users often do. To prevent a loss of work, the text can be permanently stored on disk (some portables use other methods).

Portables usually have back-up power supplies and "fail-safe" devices designed automatically to save the contents of the memory if the batteries fail or you should inadvertently switch off the machine. If you are going to write a lot, or you want to carry computerised information with you such as price lists or a contact list, then it is advisable to store information on disks.

How much memory? Memory is measured in kilobytes (K). This article takes up about 10K. If you are sending short memos and telexes, your machine does not need a big memory — 32K should be ample. But if you intend to do a lot of work on a portable, do not get anything under 64K, and preferably 128K or more.

Last words: Buy only from reputable dealers. They might charge more than a High Street electronics store but they will supply only the best and most appropriate equipment. Do not buy from anyone who confuses you with jargon. Always know exactly what you want to do with the machine you propose to buy.

Peter Knight

● *Peter Knight is editor of FinTech 2—Electronic Office.*

Historic barn's £½m facelift

ENGLISH Heritage this week announced its plans to secure the future of the world's largest timber cruck barn, Leigh Court Barn at Leigh, near Worcester. The 141ft-long barn was built around 1300 as a storage barn for the monks of Pershore Abbey and is remarkably intact.

It has been taken into guardianship for a £500,000 programme of repairs before opening to the public in the spring of 1989. Its owner, whose family were bailiffs to the abbots of Pershore before the Dissolution, could no longer afford the repair and maintenance of the Grade I listed building, which is also a scheduled ancient monument.

Inside the barn, nine pairs of 42 ft-long oak crucks, or timbers carved from single tree trunks, spring from just above floor level to create an impressive 35ft span. After nearly 700 years, this massive structure, a feat of medieval engineering, suffers both a spread and a lean of about 18 inches, and gaping holes in its walls.

Fortunately, none of the vast crucks needs replacing (for where would you find oaks substantial enough?) Their spread will be corrected by concealed stainless steel bolts and the timbers given concrete foundations below their supporting sandstone plinth.

The massive timbers of this monument to medieval engineering have spread, and gaping holes have appeared in the walls

Some 95 per cent of the barn's original structure survives. English Heritage aims to retain as much of the existing fabric as possible and is also restoring the building's existing appearance rather than taking it back to how it might have looked in the 14th century.

Thus, the brick infill will be repaired alongside the elm boarding and half a dozen wattle panels. The barn will keep its 19th century ventilation bricks and cross walls and will get new doors, although the medieval barn would not have had them. The roof will be redone with traditional clay tiles—no evidence exists indicating how the barn was originally roofed.

Cruck-constructed barns and cottages are peculiar to Britain and were built as late as the early 19th century. English Heritage's strategy for Leigh Court Barn comes only weeks after completion of the first phase of restoration at Stokesay Castle, a recently-acquired half-cruck fortified manor house in Shropshire.

Leigh Court Barn will remain in private ownership and continue in use as part of a working farm, which also comprises an Elizabethan farmhouse and an 18th-century dovecote.

Susan Moore

هكذا من الأصل

A couple of classics celebrate their golden jubilee this year

Cults tried and tested

THERE ARE a few personal accessories that say more about their owner than most people probably care to think about. You have only to reflect upon the significance of the Burberry, the green welly, Levi 501s, Doc Martens, Gucci loafers, Lacoste shirts to take the point—all these are loaded with cultural meaning that extends beyond the realms of what might be called fashion. They are all timeless, classic, potent symbols in the intricate language of style.

This week two of the most enduring of these cult objects celebrate a 50th birthday. The Ray-Ban aviator sunglasses, beloved of the rich, the famous, the royal and countless anonymous style-followers, are still today as much in demand as ever they have been. They made their first appearance 50 years ago, on May 7 1937.

The great new discovery, the sunglass lens, had been discovered the previous year. To much public excitement, the Anti-Glare glasses were launched upon the market.

In 1937 the Anti-Glare glasses became the famous Ray-Bans, and the Aviator shape, so-called because they were originally designed to protect pilots in the US Air Force from ultra-violet rays, became standard government issue. From the beginning they took off. They became popularly known as the "MacArthur" sunglasses because of the famous general's penchant for being photographed gazing heroically towards far horizons, his eyes shielded by this new cult object.

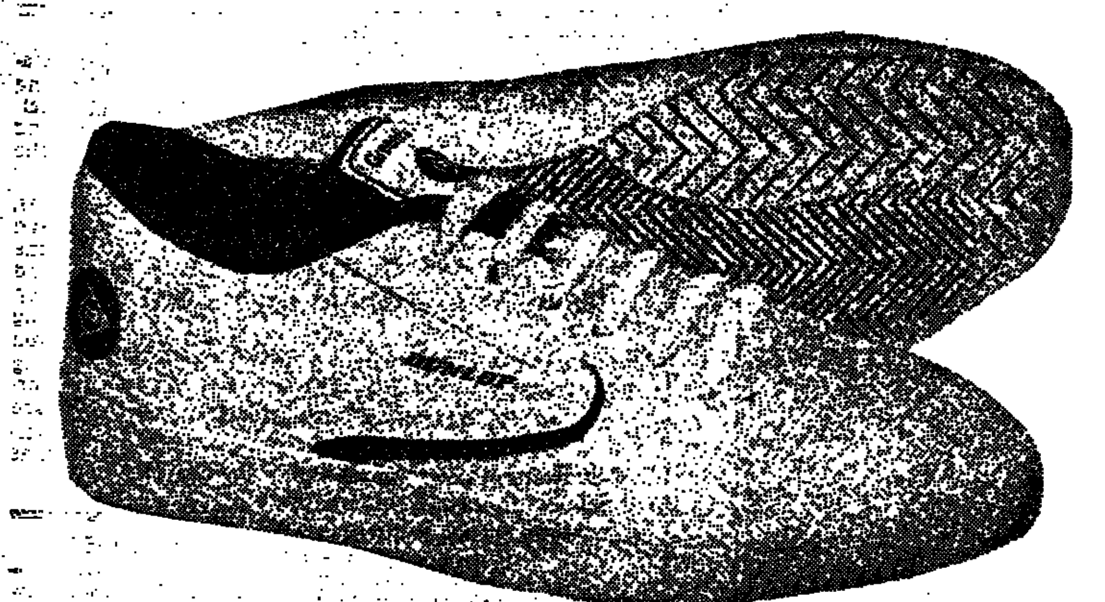
Today you can buy the Aviator in its plain, 1930s gold-framed design. It still reeks of 1950s film-star glamour. It is still the chosen frame for glitterati world-over.

Anybody wanting to buy the original Aviator designs will find them still on sale, as enduringly practical and sturdy as ever, at For Eye branches and most good opticians. Prices start at £45 and vary according to the frame chosen.

The sort of face that might be sporting a Ray-Ban is likely to have feet that wear the Green Flash shoe. Joining the Ray-Ban in 50th birthday celebrations is this other enduring classic. Made from canvas, as resolutely practical and functional in its original aim as the Aviator glasses were in theirs, the Dunlop Green Flash shoe today is a design that looks as fresh, as contemporary, as if it had come straight off the drawing-board.

Both are potent reminders that what is newest isn't always best. Tried and tested may, in the end, be what matters most.

Jack Nicholson behind his Ray-Bans



"The Green Flash shoe looks fresh and contemporary"

Auction originals

IF YOU would like the chance to bid for an original work of art, and know at the same time that the money you have paid will go to encourage and support other young artists, then hurry along to Smith's Galleries, Neal Street, Covent Garden, London, WC2 today.

There, Richard de Marco, (who runs a gallery at 17-21 Blackfriars Street, Edinburgh) hopes to raise funds to allow him to develop a fine old building where he can go on supporting, exhibiting and trying to sell the works of young, unknown artists. To this end he has persuaded a group of artists ranging from Sir Hugh Casson to Bruce McLean to donate works of art and let them be auctioned tonight at Smiths Galleries between 7 pm and 10 pm. Viewing is on all day, you can leave a bid with the auctioneer. Prices, he guesstimates, will be between £5 and £9,000.

L.v.d.P.

Lucia van der Post

HOW TO SPEND IT

A second FT safari into Africa is planned for August. Would-be adventurers read on...

IF YOU were one of that great band of would-be adventurers who longed to set off on the FT's special safari but unluckily didn't make it into the first 15, now is your chance — for once again Abercrombie & Kent, Alan Elliott (a fourth generation Zimbabwean bush expert) and the FT are taking off into the "wilderness" areas of Zimbabwe.

Anybody who has followed the saga of the FT safari will know by now that we all enjoyed ourselves hugely, that each and every reader who came along on the trip came away with memories and friendships that will last a life-time.

We saw places and did things that few tourists ever get to do. We slept in tents on the banks of the Busi river, we slept in tree-lodges in Sikumi and in more grey-green tents in the heat and dust of Makololo in Hwange. We walked quietly on foot through scrub and bush and desolate lunar landscapes, we ate out under the stars, we canoed alongside troops of elephant plundering the water-lilies of the Zambesi. We tracked rhino and elephant and lion and caught a fleeting glimpse of cheetah.

We travelled into remote areas of the Chizarira national park where few tourists ever venture. We visited little villages of the Batonka tribe whose ancestral homes used to lie all along the Zambesi valley. We saw the Victoria Falls and some authentic tribal dancing but, above all, we saw the black-crowned eagle nesting on a high rock; we saw the black and white fish eagle brooding on a branch; we saw the Bataleur eagle and the hooded vulture, the Kori bustard and the lilac-breasted roller. We saw eland and kudu and went to sleep to the sounds of lion roaring, frogs croaking and hippo grunting. We washed in rivers and make-shift shower-rooms. We sat beside water-pans, waiting for the animals to come down and drink. All in all we had the experience of a lifetime.

The final night's camp on the banks of the Zambesi River

Another trip fantastic

This year's tour will be similar to last year's, with a few vital improvements. It starts on Friday August 14, when the group will leave London's Heathrow Airport for Harare. It finishes on Sunday August 30, when you will arrive back at Heathrow at the unearthly hour of 5.45 am.

The itinerary will be much the same as before. From a day and a night at the Victoria Falls Hotel you will go on to spend three days and nights at Alan Elliott's own tented camp at Makololo in Hwange national park. There you will benefit from the most important improvement we have made this year—instead of one guide, this safari will have two. To join Alan Elliott we have asked Alistair Chambers—young, inspirationally enthusiastic, deeply knowledgeable about the animals and the bush—to come along. Between them the guides will take small groups walking in Hwange, that great Savannah-land on the edge of the Kalahari; through the river beds and gorges of Chizarira; through the green, enchanted world of the Mana Pools game reserve on the borders of the Zambesi. With these two experts to guide you will be able to track down game, learn about the plants and the trees, the wild-life and the smallest insects.

After five days in the dusty remoteness of Chizarira, the green luxury of Rukomechi, a riverside camp with thatched lodges, running water and beds with proper mattresses, will seem like an almost sybaritic experience. Everybody loved Rukomechi last year, so we have added an extra day to this part of the tour.

The tour, alas, is not cheap. As I explained last year, it could not be cheap—you will be going into remote areas accompanied by staff and land-rovers, tents and vital equipment. You will need small planes to fly you in and out of some remote areas, you will be treading paths that no other tour operator ever goes to.

You will need to be reasonably fit, for there will be days at a time when you will be far from doctors, chemists and other Western solaces. You must go along with a sense of adventure, a taste for the unexpected and a sense of humour. If you do you will have the experience of a lifetime. I don't believe there could be another group quite as special as the 15 who came along with me last year but if the next group are even half as special you can't help but have the time of your lives.

The group, like last year, will consist of 16 people in all—15 readers, one FT writer (still to be decided — much jostling going on here back at the ranch) as well as Alistair Chambers, Alan Elliott and his marvellous band of staff.

The price will be £3,135 per person. This will include almost everything except a few personal requirements and dinner on the first night. Anybody interested in receiving a more detailed itenerary should write to me at the Financial Times and mark your envelope "Safari."

If you want to book a definite place you should send a deposit of £300 (payable to Abercrombie and Kent) per person. (This deposit will be non-returnable except in cases covered by insurance because last year a few early bookers dropped out at the last minute, causing great headaches all round.)

To allow time for applications from abroad to reach us (last year we had letters from Hong Kong, Turkey, Canada, Sweden, Switzerland, South America and many other places) I will save all the letters, put them in a box and draw them out on Monday March 30. (It is the fairest method I can think of.)

● If safaris are not your style, or if August is all booked up but you are interested in a special FT holiday, we are putting together another one-off tour — this time to the remote mountain kingdom of Bhutan. It will start on October 23 and return to London on November 7. More details later. Watch this space!

L.v.d.P.

Cookery

Back to the Mediterranean

CLAUDIA RODEN is a passionate cook and her enthusiasm is wonderfully infectious. Sshe hasa gift for conjuring up the tastes and sounds and smells of good food, making shopping, cooking and sharing a meal with family and friends seem the pleasure it should be, not a drudge.

Her latest offering is as appetising as ever. Simply titled "Mediterranean Cookery" (BBC Books £12.95) it is published this week to coincide with the start of a six-part television series of the same name.

Her premise is that at the heart of Mediterranean cooking is the family. She says in her introduction: "I have not been concerned with fashions nor with restaurant food. The recipes come mostly from women who cook for their families. The chonie is very personal, it represents the kind of food I love—full of flavour, interesting and wholesome, and which can be made without too much effort and expense."

The result is a glorious celebration of the fruitfulness which is so characteristic of Mediterranean cooking, but does not ignore the frugality that is also central to it.

The pages are filled with ingredients that sharpen my greed: things like fresh coriander, sesame seeds, virgin olive oil, tamarind, couscous, phyllo pastry, pomegranates, chick peas, arborio rice, pine-nuts, rosewater, squid and fresh figs. The joy is that though these foods were well nigh impossible to buy when Elizabeth David's splendid "Mediterranean Food" was published in 1950, now they are to be found in most major towns.

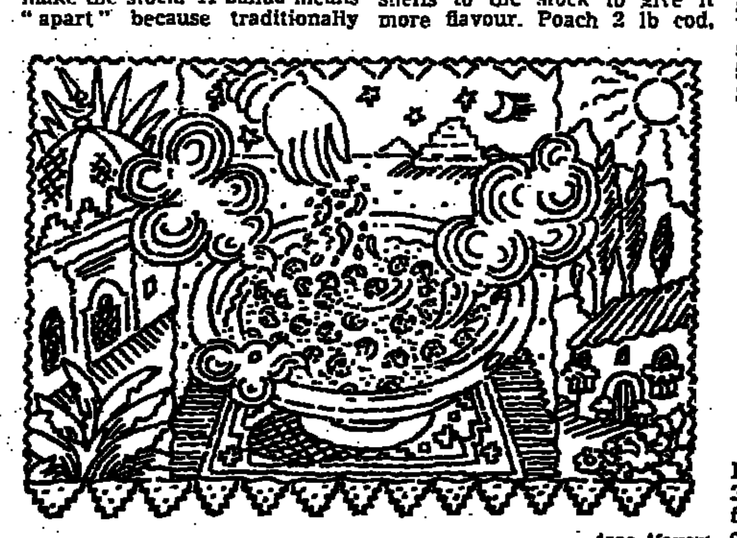
The recipes are happily characterised by straightforwardness. This is the kind of cooking with which I feel happily at home. Some of the recipes are already familiar, but there are plenty that are less well known. I am hungry to try an aubergine daube: a Tunisian stew with chestnuts and chickpeas; an Italian soup with chicken wings, rep peppers and basil; and a whole host of ideas in the large section devoted to tapas, mezze and other appetising "little dishes."

Some of the most stunning dishes are also the simplest, and you wonder why you haven't thought of them for yourself. The idea of baking halved and cored quinces with butter and sugar en papilotte sounds equisite. I love the notion of sprinkling fried aubergine slices with pomegranate juice and fresh chopped mint. And what could be lovelier than mussels still warm from steaming, served in their half-shells with a little bowl of oil, lemon juice and chopped parsley to dip them into.

The recipes which follow are from the book.

ARROZ A BANDA
(serves 4-6)

What makes this rice so delicious is the fish broth it is cooked in. In Spain they used a variety of fish and crabs to make the stock. A banda means "apart" because traditionally you serve the rice first, then the fish and seafood, which are poached in the stock, as a separate second course with all-i-oli sauce. But you can serve the rice with any kind of fish—see variation.



Anne Morrow

2 pt fish stock; 3 fl oz olive oil; 4 garlic cloves, crushed; 2 tomatoes, peeled, de-seeded and chopped, or 1 tablespoon tomato purée; 1 teaspoon paprika; a pinch of cayenne; 1 lb short grain rice; ¼ teaspoon saffron or saffron-coloured powder; all-i-oli sauce.

Heat the oil in a paella pan or casserole. Put in the garlic and when it just begins to colour add the tomatoes or tomato paste. Cook the tomatoes for about 10 minutes until they are reduced to a paste and the oil begins to separate. Add the paprika and cayenne.

Add the rice and cook, stirring constantly, for a minute or two. Add the saffron (and salt and pepper if the stock is not already seasoned) and stir well. Then pour in the strained stock. If using Spanish or Italian short-grain rice, the amount of stock has to be double the volume of the rice. Cook over high heat for 5 minutes, then lower the heat and cook gently for another 15 minutes or until rice is tender but separate. Take it off the heat and let it rest, covered, for a minute or two so that any slightly under-done rice has time to soften. Alternatively, bake the rice in a covered ovenproof dish to 160C (325F, gas mark 3) for 30 minutes. Serve accompanied by the all-i-oli sauce.

Variation: for a meal of fish to serve with this recipe poach 1 lb unshelled prawns until they turn pink, then lift them out, shell them and return the shells to the stock to give it more flavour. Poach 2 lb cod, halibut or monkfish and take it out very quickly just as soon as it begins to flake. Keep the shelled prawns and fish aside, covered with a little stock. Heat up before serving.

All-i-oli sauce: You can make this more or less potent according to taste. Peel and crush 4-10 garlic cloves. Pound them to a paste together with a little salt in a mortar and gradually beat in about 7 fl oz oil until you have a thick cream.

If the sauce separates or refuses to thicken, add a small slice of white bread, crusts removed, and pound or blend it into the liquid.

Many Spaniards now make a sauce identical to the French aioli as an alternative.

MOUKH M'CHARMEL
Moroccan Brains with Tomato Sauce (serves 6)

6 lambs' or 3 calves' brains; 1 tablespoon wine vinegar; 3 garlic cloves, crushed; 3 tablespoons sunflower oil; 1 lb tomatoes, peeled and chopped; 1 teaspoon paprika; large pinch of cayenne or to taste; juice of half a lemon; 1 teaspoon suger (optional); large bunch of coriander, finely chopped.

The brains must be very fresh and cooked on the day they are bought. Soak in cold acidulated water with the vinegar for about one hour. Carefully remove the thin outer membrane and rinse in cold running water.

Fry the garlic in a large pan. When the aroma rises, add the tomatoes, salt, paprika, cayenne and lemon juice. Add sugar if you are serving the dish cold. Stir well and add the brains. Simmer gently, turning over the brains at least once and ladling the sauce over them. After about 10 minutes cut the brains in halves or quarters, stir in the coriander and cut for 5-10 minutes or until firm. Serve hot or cold.

BUNKAR BEGENDI
Turkish Meat Balls with Creamed Aubergines
(serves six)

1 medium onion, coarsely chopped; 3 tablespoons sunflower oil; 1¼ lb ground lamb or mutton; 1 teaspoon cinnamon; ½ teaspoon allspice; a few sprigs of fresh mint or 2 teaspoons dried mint; 1 tablespoon pine-nuts; 1 red pepper, shredded; 1 lb tomatoes, peeled and diced; a bunch of parsley, coarsely chopped.

For the sauce: 2 lb aubergines; 2 tablespoons each butter and flour, 10 fl oz milk; 2 oz Gruyere cheese, grated.

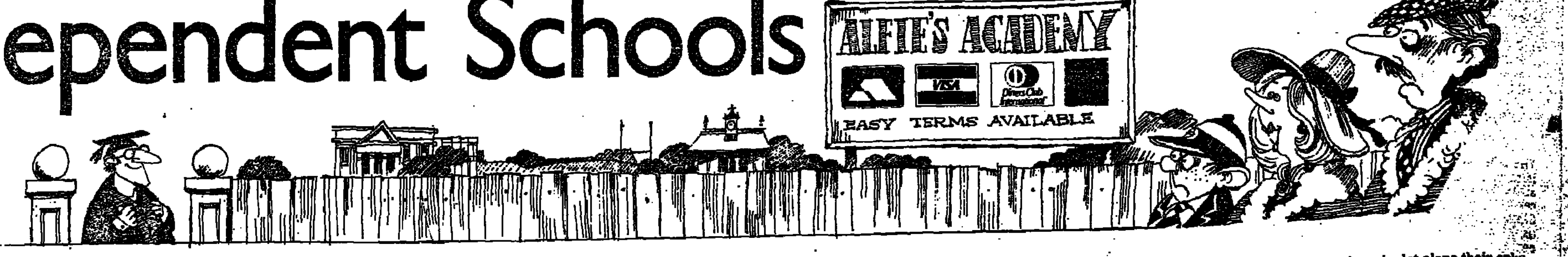
In a large frying-pan, fry the onion in oil until golden. Put the meat, salt, pepper, cinnamon, allspice, mint and pine-nuts into a bowl and work them well with your hands. Wetting your hands, roll the mixture into walnut-sized balls and put them into the pan.

Add the red pepper and fry quickly, stirring often, until the meat balls are brown outside but still pink inside and the pepper is soft. Add the tomatoes and parsley and turn off the heat.

To make the sauce, put the aubergines under the grill and turn until the skin is black and blistered and the flesh feels soft. Put the aubergines in a colander, peel them and press the bitter juices out, then puree in a blender. Melt the butter in a saucepan, add the flour, stir well and cook, gently stirring, until well blended. Add the milk, a little at a time, as for a bechamel sauce, taking the pan off the heat and stirring vigorously each time. Cook for about 10 minutes until the taste of the flour disappears. Add the aubergine puree and the cheese and stir well. Cook a few minutes longer. Heat the meat-balls and tomatoes through, spread the aubergine cream on a large flat serving dish and spoon the meat balls and their sauce on top.

Philippa Davenport

Independent Schools



Michael Dixon reports on the wind of change which has blown well for private education

Snooker cues in Gothic corridors

AS THE CHIRP and bustle of young boys swelled in the Victorian Gothic corridors, Tim Fisher pointed at a huge glass-fronted mahogany cabinet. "There's an image of the time, if you like," he said. Beside the cabinet, chock-a-block with silver cups for cricket, rugger, and the like, was an array of expensive snooker cues.

"We independent schools may be part of the establishment, but you can't call us stick-in-the-mud," added the head of Bilton Grange Preparatory School in Rugby. "And that, I feel sure, is one of the reasons why independent education continues to grow."

The growth referred to by Fisher, who is also chairman of the Incorporated Association of Preparatory Schools, is of a level that many a business would envy. While more individual fee-charging establishments have closed than have newly opened in recent years, the private educational sector as a whole has gone from strength to strength.

Its 2,000-plus establishments did well enough in 1985. They raised their share of Britain's falling school-aged population from 6 to 6.5 per cent, despite an average increase in their fees of 9 per cent—half as much again as the inflation rate.

But last year they did even better, according to the preliminary results of a census due to be published next month by the Independent Schools Information Service. The signs are that, even though their 1986 fee increases were if anything steeper than those of the year before, their total pupil numbers rose by a further 2 per cent. If that provisional figure is sustained by census returns still to be collected, it will be the biggest annual increase ever recorded.

The overall growth conceals fluctuations in the fortunes of different types of private schools. The main expansion has been in day pupils, boys and girls alike. There has been a rise too in the number of girl boarding pupils at both preparatory and senior levels of schooling. Meanwhile boy boarders, have decreased at both levels.

The shifts in the balance of the schools within the sector have been accompanied by changes in the types of pupils attending them.

"One thing which seems to have occurred pretty well throughout the preparatory subsector is that whereas the great majority of pupils used to come from families where the father at least had been at a private school, there are now many more boys whose parents both had a state education," Fisher said. The same development has been noted in the senior subsector by Martin Rogers, chairman of the Headmasters' Conference of independents attended largely by boys.

But the increase in such first-generation pupils is apparently not so marked in girls' independents, especially those with a large boarding population. They probably owe their growth mainly to the conversion to sex equality of families which, having in previous generations paid school fees only for sons, now accept that the same is due to their daughters.

Sister Jean Sinclair, president of the Girls' Schools Association, said that another factor was that parents were becoming ever keener to have their daughters do well in mathematics, physics and chemistry. "There is evidence that girls in single-sex schools do better in science subjects than those who are taught them alongside boys. I think that is influencing families to look to us as an alternative to the state system which of course is now predominantly co-educational."

A further change which has been noted by all three of the school-association chiefs is a rise in the number of pupils whose parents are separated or divorced.

"Mind you, I doubt that broken homes' visible repercussions, at least, are as bad for our pupils in general as they often are for children in state schools," said Fisher. "Our sort of parents, even when they've parted, usually try to cushion the effects on the child. They frequently continue coming together to school functions, for instance. Even so, it is my impression that independent sector heads and staff are more and more having to take on a counselling as well as a teaching role."

Martin Rogers, who is chief master of King Edward's independent day-school for boys in Birmingham as well as academic head of the other six King Edward's schools in and around the city, agrees that the best fee-charging schools' reputation for caring for pupils' individual needs is playing an important part in the sector's expansion.

"That is not to say that parents want their offspring molly-coddled, though," he added. "They are at least equally keen that their children should be educated in a disciplined and orderly environment as well as brought up to good academic standards.

"But even that is not all that they are seeking in coming to an independent school. A further influence is the range of extra-curricular activities we provide. And in my personal view, those activities ought to be given greater and greater emphasis. Our education system has for a long time been overbalanced towards academic studies, to the neglect of developing children's practical abilities.

"In real life, solving problems and grasping opportunities do not consist solely of thinking out the answer to a question intellectually. It is if anything more important to be able to perceive accurately what the problem or opportunity actually is, and to take action to deal with it effectively.

"Almost all of us are doing much these days to develop those abilities through activities such as design and technology. Several independent schools have spent small fortunes on equipping themselves with workshops and computers. But I think that parents as well as an increasing number of teachers believe that we should be doing even more. Whether it is done is ultimately up to the head, and in the private sector it is usually easier for a head to take new initiatives than it is in state-maintained schools."

Sister Jean Sinclair, who heads the St Leonards-Mayfield School for girls in north-east Sussex, shares Rogers' opinion. "Academic strength will always remain highly important. But from what I glean from parents, good exam results are no longer their main, let alone their only, concern. They mostly want their daughters to be capable of standing on their own feet in practical matters too.

"As a result there's a strong move towards getting them to do things themselves under guidance instead of spoon-feeding them as school often used to do. For example, at one time we'd have had a drama club run by a member of staff. Today, if girls are interested in drama, they have to organise the whole thing for themselves.

"We are still proud of our girls who go on to excel academically of course. But we are no less proud, for instance, of the one who after getting her A-levels decided not to go to university but to take a secretarial course and then work her way round the world. She has now come back and set up her own office-services business in London and is doing very well.

In pursuit of perfection


Sister Jean Sinclair


Tim Fisher


Martin Rogers

FEW if any adults today would countenance a child's being subjected to the heavy physical labour often imposed on children in the first industrial revolution. Ironically, however, more and more educationally ambitious parents seem happy to subject their sons and daughters to heavy mental labour in pursuit of places in esteemed private senior schools.

So strong is the competition for places that some preparatory school heads have come across cases of children being "crammed" for school entrance from as early as the age of four.

The juvenile academic rat-race is directed mainly at town-centre schools for day pupils. While the running is hard in the neighbourhood of any town with at least one such establishment, the competition is probably fiercest in London.

There a single 10- or eleven-year-old is often made to try for six different day schools. As each probably has its own admissions procedures, it is common for a child to undergo half a dozen exacting entrance tests one after the other.

"Competition for boarding schools, except for the high pedigree ones, is generally less frenetic," said Tim Fisher, chairman of the Incorporated Association of Preparatory Schools. "Parents wanting a girl or boy to board have a wider choice of school geographically, although they now usually like it to be within 50 miles of their home.

"But even the hardest entrance ordeal is not necessarily damaging. Once they have gained a senior place, children can relax and get some education rather than exam-preparation at least until the 16-plus looms up—always provided the school suits them, of course."

Unfortunately, all too often the child and school are ill suited. The usual reason is evidently that parents have the idea that some particular establishment—either the one that their family's offspring have traditionally attended, or an unfamiliar one which consistently shines in public exams—can unilaterally make a success of any particular girl or boy.

That idea is mistaken, according to Sister Jean Sinclair, president of the Girls' Schools Association. "Almost all schools can do well for a good many children. But none will suit every pupil," she declared.

"Yes. No matter how splendid a school's results are in other cases, they are of little use if it does not work for your child," said Martin Rogers, chairman of the Headmasters' Conference. "The most important factor is the interaction between the school and the individual pupil. "And while it is impossible in advance to know whether the interaction will be good, parents are wise to do all they can to ensure it."

I think they need to get into every school they are considering and talk to as many people there as possible. "They should check with at least one member of the staff besides the head or deputy, another parent, and a junior as well as a senior pupil. They also ought to read all the available written information. Then they should sleep on it before deciding. Naturally they also need to take careful account of the child's view of the matter."

Sister Jean head of St Leonards-Mayfield School, said that in the case of boarding education in particular a useful test of a girl's suitability is whether she has previously spent at least one longish period away from her parents and coped well with the experience. "I would be apprehensive about accepting a girl who had never been away from home before. It would certainly call for careful further investigation."

The advice Mr Fisher gives, as head of Bilton Grange Preparatory School, to parents sending children to board is that "from the moment they make the decision they should consciously relax their hold on the child and begin letting it live for itself. The experience will probably be better for all concerned if both sides feel that it constitutes a bit of a letting go of the other.

"Perhaps suprisingly," he added, "I hardly ever find that it's the child who isn't ready for such a separation even at the age of eight. If anyone isn't ready, it's almost always the parents."

Meeting the school bill: **Eric Short** looks at the options available for parents as fees rise higher than inflation

Why a little planning is a very wise thing

THE COST of private education is high and rising. These facts are self-evident from the annual census of the Independent Schools Information Service (Isis) statistical survey of independent schools.

These showed that as at January 1986, the fee range for boys in independent schools was £950-£2,200 for boarding and £360-£1,500 for day pupils, with somewhat lower costs for girls.

The figures for January 1987 will be published shortly by Isis and could be around 8 per cent up on 1986 levels. Last year's survey showed that fees were rising faster than price inflation.

This is the size of cost problem facing parents wanting to have their children educated privately and it must be understood before any attempt is made to plan to meet those costs.

Many parents have decided on private education anyway and will meet the cost problems when the bills come in. A little planning beforehand can mitigate the cost impact and avoid heavy financial sacrifices in future years.

For the vast majority of parents, the only means of meeting the school fees bill will be out of current income. The financial strain can be such that parents go to great lengths to boost the family income and reduce expenditure in order to meet the fees.

Surveys on children educated privately show the wife taking a job solely to pay the school fees, the husband taking a second job, and income being boosted by letting a room.

Expenditure is kept in check by cutting out holidays and entertainment. Even so, there is a need wherever possible for parents to endeavour to save in advance to help meet those bills.

Parents should not think that they can meet the full fees bill by saving in advance. If they can afford to do this out of their income, then they can probably meet the fee bill out of their income at the time. There are a variety of savings schemes on the market, the traditional means being to use life assurance contracts.

Some specialists in school fee planning have operated for several years and have produced plans to meet the varying needs of parents. One common style is a low-start plan under which contributions build up over the years, reflecting the high immediate costs in the family which expects higher income in a year or two—the wife going back to work, for example.

They have a wide variety of contracts from which to make their choice—the traditional with-profits, unit linked. Now these are being extended to investment vehicles, in unit trusts and tax shelter schemes.

The plan used will relate primarily to the nature of investment risk which the parent is willing to accept. The main point to consider is that parents know precisely when the bills will arrive. The use of an equity-type plan can run the risk of the bills arriving when there is a raging bear market.

On the other hand parents who took out linked contracts a few years ago and are cashing them in have done very well. The main point is that parents must understand what is involved.

Next parents may have other assets which they are prepared to use towards meeting the fees bill. If they have spare cash, then there are some good returns to be had on lump sum investment from life companies or from certain school fee specialists.

Many of the schools offer terms so that parents are prepared to invest cash sums ahead of their children starting school. The returns on this advanced funding vary. Some quote the market rate. Others offer a poor return compared with what is available elsewhere.

Parents need to check out the terms and shop around before deciding whether to accept the deal offered by a school. If the parents' assets are in the form of a share portfolio or a family heirloom, it may pay to wait before cashing them in. The investment return may be better than that obtained by converting to another plan.

With antiques and works of art, this is a difficult decision to make in advance. When the bills come in, parents may well find that there is still a shortfall in available cash to pay those bills. Now is the time to consider the various loan schemes available.

These are all based on the value of the family house, a value which almost certainly will have risen with inflation.

Under these loan schemes parents borrow on the security of the house, paying off the loan with a life or a pensions policy, just as with an ordinary house mortgage. The term of the policy is invariably much longer than the school fee period. They will be paying off the loan long after the children have left—an Educate-now-Pay-Later scheme.

Spreading the costs over a long period mitigates the annual outlay. But parents should be warned that the cost is still very great. Loans should be regarded as bridging a gap, not meeting the fee bill. It is not the answer to the school fee problem.

Surveys show that grandparents and other members of the family provide much financial help towards the education of their grandchildren.

The most tax-efficient way is through a covenant, which enables a parent on behalf of a child to reclaim the tax on the gift without incurring a tax liability for the parent. It is available to anyone except the parents themselves and should be used on all occasions.

It should be obvious by now that advanced planning is essential and that the services of a specialist are required. This has become a growth industry and there are now a growing number of firms offering school fee planning services.

One central theme in a planning exercise is to project the family income and expenditure into the future to ascertain what is available to meet the fees. This exercise cannot be done with any precision, but it will identify the years when a financial strain is likely to occur. The bugbear, as always, is inflation.

Parents should never assume that the rise in fees can be matched by the rise in income. Having identified the problem years, parents can then plan how to meet that problem by savings, or in the last resort by borrowing.

Isis provides leaflets explaining the school fee problems with indications as to how to tackle them, together with a list of specialists. But the parents must eventually judge for themselves whether the advice being given is sensible and will meet their needs.

PREPARATORY BOARDING SCHOOLS

How costs have moved year to August 31

	1985-86 £ per pupil	1985-86 % of fees	1984-85 £ per pupil	1984-85 % of fees	1983-84 £ per pupil	1983-84 % of fees	% change in cost per pupil '83-'84 to '85-'86
Fully comparable costs:							
Salaries—teaching	1,127.0	35.1	980.7	32.0	926.0	31.9	+21.7
others	261.1	8.1	254.1	8.3	228.3	7.8	+14.4
Wages	337.7	8.8	324.7	10.6	287.0	8.9	+17.7
National Insurance	141.7	3.7	139.6	4.6	126.0	3.9	+12.5
Food	404.0	10.5	364.6	11.9	359.0	11.1	+12.5
Books and materials	92.1	2.4	77.2	2.5	59.1	1.8	+55.8
Games and entertainments	39.2	1.0	35.1	1.1	31.0	1.0	+26.5
Laundry	25.5	0.7	32.7	1.1	30.4	0.9	−16.1
General expenses	99.1	2.6	76.5	2.5	82.9	2.6	+19.5
Semi-comparable costs:							
Rates and insurances	95.7	2.5	89.6	2.9	78.8	2.4	+21.4
Fuel and light	172.0	4.5	166.6	5.4	149.2	4.6	+15.3
Repairs to property	180.9	4.7	186.4	6.1	108.3	3.4	+67.0
Other repairs	140.0	3.6	101.9	3.3	99.2	3.1	+41.1
Garden and grounds	117.2	3.1	117.2	3.8	99.3	3.1	+18.0
Travelling expenses	29.9	0.8	27.3	0.9	26.4	0.8	+13.3
Professional charges	70.8	1.8	69.6	2.3	54.0	1.7	+31.1
All above costs	3,333.9	93.9	3,043.8	99.3	2,744.9	89.0	+21.5

Relatively inexpensive

Where teachers' pay is more important than deep-pile carpets: Michael Dixon reports

OVER the past few years many families paying for independent schooling must have felt they were having to run faster and faster to stand still. The start of each new academic year, and sometimes of an intermediate term, has typically brought a further rise in fees well above the rate of inflation.

The 9 per cent average increase which began 1985-86 was almost certainly exceeded by the counterpart rise heralding 1986-87. The main reason was that by then most independents were anticipating in their fees the effects on their sector of the pay increase the Government was preparing to impose on state-school teachers along with new job conditions.

In spite of anticipation, the enacting of the state system's average 16.4 per cent two-stage rise means that the large majority of fee-paying parents will have to dig yet deeper in their pockets later this year.

Nobody can know yet how much extra they will be asked to pay, especially as the increase will differ markedly from one school to another. On present forecasts, however, those who get away with a bill for an extra 8 per cent will be lucky. At the high end of the range the increase could well be as much as 18 per cent.

"Of course, anyone who thinks it unreasonable that school fees should have gone up by more than inflation can hardly have thought about the matter very deeply," said Michael Oakley, secretary of the London-based Girls' Public Day School Trust which centrally manages the other-than-academic affairs of 24 schools.

"The great bulk of costs—particularly in day schools such as ours—is made up of salaries and wages for teachers and other people. The appropriate national yardstick for school fees is the trend, not in retail prices, but in pay. And salaries and wages throughout the country have been rising well ahead of inflation.

"What is more, for various technical reasons the effect of the Government's increase for teachers will be to raise pay bills by more than 16.4 per cent. On top of that there will be extra expenses in connection with the new examinations at 16-plus: not just books and equipment, but ancillary staff too. I think nearly everybody will have to charge quite a lot more this year."

Oakley added that in the trust's schools fee increases were for a good many years held back to around the rate of inflation. But last September brought an average rise of about 13 per cent, and a further increase in low double figures looks unavoidable in the coming autumn.

"Even so our schools will remain relatively inexpensive. At our 10 senior day schools in the London area, for example, the present fee is £615 a term as against £800-£1,000 in comparable institutions.

"We have the economic benefit of central administration. We have also a tradition of giving good academic education with few frills. We do not offer deep-pile carpets; nor do parents expect them. So pay for teachers and other productive staff can take up about 80 per cent of our expenditure. That is a good deal more than is possible in most day schools, let alone boarders where the cost structure is very different."

An idea of the pattern of expenditure in boarding schools is provided by the chart above. It is drawn from the surveys of costs in independent education, which are made each year by the chartered accountants MacIntyre Hudson.

To date, the only survey figures available for the year to the end of last August are for boarding schools solely at the preparatory level.

But on previous years' evidence the average "all above costs" for senior boarding-schools are likely to be about 5 per cent higher, with teachers' salaries accounting for two or three percentage points more of the total. In day schools, the typical "all above costs" are only about half as great.

The overall expenditure breakdowns which emerge from the surveys do not, of course, give anything like an accurate picture of real-life schools' actual cost patterns which vary considerably and often include extra outlays not covered by the survey at all. There are especially wide differences in the "semi-comparable costs" such as rates and insurance and repairs and maintenance.

Moreover, the "fees" referred to in the chart do not represent total earnings. There are other sources from which schools draw income, which again varies widely.

Nevertheless, the chart presents a generalised picture of how private schools' costs have been moving.

Asa Briggs returns to Sarajevo and sees it as a family matter

Thrones and royals behind Great War

ROYAL SUNSET: THE DYNASTIES OF EUROPE AND THE GREAT WAR
by Gordon Brook-Shepherd. Weidenfeld and Nicolson, £14.95. 357 pages.

AT FIRST sight this is an intelligent book about unintelligent people who enjoyed pomp and majesty and who were linked with each other by blood or marriage. On the outbreak of the First World War three imperial monarchs whose empires were to disappear by the end of the war reigned in splendour. *There were four* Balkan kings too whose actions, *had they not been fraught with* sinister consequences, would belong more to comic opera or musical comedy, some of it sick comedy, than to tragedy. Mr Brook-Shepherd, making the most of the comic element, begins in Cetinje with the Balkan kings before going on *to devote roughly as much space* to each major dynasty as "will correspond" to the weight of the country concerned in the European balance. For this reason the Kings of Italy find an adequate, if dubious place, and the one *remaining imperial* crown, Britain's, secures the *most pages.* The book ends neither with tragedy nor with comedy, but with royal chess. There is one reference near the end to a "theatrical gesture of despair," but the title of the last section is "end game," and its two chapters are called "fatal gambits" and "king's mate."

The fact that the crisis which led to the First World War began with the assassination at Sarajevo of Ferdinand, Archduke of Austria and heir to the Hapsburg throne, is not the only reason why it is of genuine historical interest to look at Europe in and before 1914 from the vantage point of the thrones *rather than of the foreign offices* or of the streets and the squares. Mr Brook-Shepherd, who has already written historical works called Uncle of Europe, The Last Hapsburgs and Victims at *Sarajevo, studied* the origins of the First World *War as an undergraduate* at Cambridge, where he already *asked himself the question* why rulers related by blood or marriage and all devoted to kingship, "allowed themselves *to slip into a fratricidal* blood bath," particularly when, "at least on the Continent, they had the power to prevent the catastrophe as well as the deepest self-interest to prevent it." More than the three hours allotted to a tripos examination have subsequently elapsed, but Mr Brook-Shepherd still does not quite succeed in directly answering his challenging question (who could?) perhaps because *it is couched in the* wrong terms — "allowed *themselves,*" "the *power,*" "the *deepest* self-interest." Moreover—and this makes his book all the more agreeably presented — he cannot resist bringing in much rich detail, some going back far in time, which is *not directly related to* his main question. He is weaving tapestries as much as unfolding sequences of cause and effect, and the reader is beguiled.

Only in his endgame, with its apparently inevitable ending, is he really able to trace specific *individual responsibilities,* noting correctly how "prejudice," "inconsistency" and "blindness," human rather than dynastic, were more relevant failings, in determining the terrible outcome than any conception of real or imagined power or any claim of self *interest, deep or shallow. The* dynasts were not the only pieces *on the board* — they never had been — and others, particularly soldiers, but politicians too — and not least machines — set the relentless timetable of the summer of 1914. There seemed to be "a fate" about it all, represented at the time — as Thomas Hardy might have *represented it — in the symbol* of an iron dice. Mr Brook-*Shepherd absolves the Kaiser,* the Hapsburg Emperor, and the Tsar of Russia from any deliberate intent to start a war, but he very *clearly* identifies their mistakes. As for "the *honest, uninspired* George V, about whom not even the Kaiser *could find anything* harsh to say," "the only cause for *regret,*" according to Mr Brook-Shepherd, "is that he was not *his own father.*" Could Edward VII have done anything more?

There is nothing new about either the facts presented in this last chapter or about the interpretation of them. They figure centrally in books which approach Sarajevo and its aftermath from quite different vantage points. Would there have been the same outcome had the nine assorted dynasts not been on their assorted *thrones in 1914 or earlier? Intelligence* certainly does not seem to have been the missing factor, for while some of the kings and emperors were unintelligent (and many of their wives and families almost unbelievably bizarre), *there were some,* including the Kaiser, whose *intelligence was not in doubt.*

They were all playing their parts in uniform for much of the time — and this seems a limitation — but the lack of theatrical uniforms did not save ununiformed Presidents and Premiers of France and other elected bourgeois politicians in *both camps from the kind of* errors of judgment which they made. As for the family ties between them, they proved more confusing than compelling, odder than, but just as ineffective as the ties which bound socialists together. Whatever weaknesses rebels like *Samuel Butler could trace back* to the middle-class family in the late-19th century seem to have been even more marked in the royal families: many of them were never far away from scenes of crime. Socialists were far more respectable. Nor was it always anarchist assassins who were the criminals. The style of this *highly readable book does* justice to the plot, but like all *books on 1914 it raises more* questions — and not only examination-type questions — than it manages to answer.

Woman poet of power

THE COMPLETE PROSE OF MARIANNE MOORE
Edited by P. C. Willis. Faber and Faber £30.00, 723 pages.

Marianne Moore: love of the genuine

MARIANNE MOORE is one of the most original of American poets. Born a hundred years ago in St Louis, Missouri, she died, much honoured, in New York, in 1972.

After graduating from Bryn Mawr College in Pennsylvania, Miss Moore went to work in the New York Public Library. Her poems and reviews soon began to attract attention. Ezra Pound recommended her for the *editorship of* The Dial and T. S. Eliot, working through such friends as HD, was responsible for having her first book of poems published in England. Her case, in fact, is rather like that of Frost, who was also first published in England.

In his introduction to Miss Moore's Selected Poems, Eliot compared her poetry to that of the late 18th century, in which the scene described is "a point *of departure for meditations on* one thing or another." This, however, is to give a rather musty flavour to what is a prime example of modernist technique. John Ransom thought she was "the handsomest consequence of the Imagist cult." But she was more than that. She was "a literalist of the imagination."

Moore presented "imaginary gardens with real toads in *them," combining bookishness* with a wise interest in life's particulars. These particulars she incorporated in her poetry as images which startle by their exactness — whether they occur as illustrations to her thought or as the apparently random notation of phenomena which lead her to make her astringent observations.

This poet had, in fact, a passionate predilection for the genuine and it is this—combined with her quality of forthright, intelligent conversation — which is of especial appeal. She was not over-solemn in her attitude to the muse. Of poetry she could say "I, too, dislike it: there are things that are *important* beyond all this fiddle . . ."

One would expect, therefore, that the prose of such a poet *would have a similar quality of* genuineness—and now we have no excuse for not knowing, for Patricia C. Willis, apparently also a librarian, has got it all together. Unfortunately, however, *she* has got it together in that admirably motivated but sometimes irritating American *way which is totally unselective.* The result is a book of 723 *pages, costing £30, and containing* inter alia a certain amount of material we could probably have done without. Like, for example, the section entitled "Dust Jacket Blurbs," recording what Miss Moore said at the time about such celebrities as Mary Ballard Duryea and *Gudron S. Worcester.*

This said, however, even the early section — which might have had the inevitable embarrassment of juvenilia — is of more than passing biographical interest. Miss Moore's contributions to the Bryn Mawr literary magazine, Tipyn o' Bob (sic), are free from the pre-war floweriness which marred her contemporary, Sinclair Lewis's, *early effusions. But it is* undoubtedly the period which Ms Willis *calls* "The Dial Years" which shows the first real flowering of her talent as a writer of prose. In "The Middle Years" — that is, the 1930s and 1940s — she is in full bloom. Here one finds such remembered, and treasured, données as the description of *Wallace Stevens's style:*

> Upon the general marine *volume of statement is set* a parachute-spinnaker of verbiage which looms out like half a canteloupe and gives the body of the theme the air of a fabled argosy advancing.

In "The Later Years" Miss Moore truly comes into her own, revealing — *as she did in her* verse of the same period — an endearing interest in baseball and the racetrack as much as *in the Fables of La Fontaine.* To read her on Eliot, on Auden, *on Cummings and* Randall Jarrell is to be struck by the *uncompromising* accuracy of a personality which always came straight to the point.

Moore's reply to Balachandra Rajan's famous questionnaire on the difference between American and English poetry is typical:

> When American poetry disregards rules and defies precedent and yet is poetry, it is so, surely, despite turns of speech and subject matter peculiar to this country. It is poetry because depth of experience, imagination, and "ear" make it so; because it is stamped by firmness of personality.

Exactly; *it is her own epitapth.*

Geoffrey Moore

CRIME

SPIDER WEBB
by Margaret Millar. Gollancz, £9.95, 323 pages

A COURT-ROOM story. At a murder trial in California, several lives are entangled (and some are sadly unravelled). *Legal strategy alternates with* emotional stress; but there are some welcome touches of wry humour. The district attorney's wife and children are prize inventions. There are no excess words, and yet the characters are presented in the round. Margaret Millar's last novel is one of her very best.

ELEGY FOR A SOPRANO
by Kay Nolte Smith. Severn House. £8.95, 278 pages

This is a long, sprawling novel, which seems to be about several things at once. First of all, it is about a murder. But then, through many flashbacks, it becomes the story of a group of resourceful children who escape the Nazis and reach America. It is the tale of a monstrously talented and egocentric soprano (the murder victim). *But there is also the* drama of a policeman's widow *and a divorced colleague of her* late husband. All of these plots *are interesting,* and the book is adequately written; but too many gredients make the stew indigestible.

William Weaver

"Hall of Mirrors"—one of 44 illustrations in "The Wood-Engravings of Tirzah Ravilious" (Gordon Fraser, £17.50). Recent exhibitions have revived interest in the work of her husband, Eric. This book proves that Mrs Ravilious was an enchanting craftswoman in her own right. Her engravings go on show at the Towner Gallery, Eastbourne next Saturday until May 10

Fiction

Passion in Paraguay

I, THE SUPREME
by Augusto Roa Bastos, translated from the Spanish by Helen Lane. Faber and Faber, £9.95, 540 pages.

AFTER A FASHION
by Stanley Middleton. Hutchinson, £9.95, 213 pages.

PAUPER, BRAWLER AND SLANDERER
by Amos Tutuola. Faber and Faber, £9.95, 156 pages.

THE LITTLE GALLOWAY GIRLS
by *Mary Leland.* Hamish Hamilton, £9.95, 213 pages.

TWENTY YEARS ago Latin American fiction carried revelations for us all. The virtues of Asturias, Marquéz and others were recognised. Since then, many Latin American [illegible] have been producing [illegible] parodies of themselves: [illegible] British writers (in particular) have been doing imitations of a fiction they have not properly assimilated.

Many of the greatest were scarcely noticed during the boom: among them Argeudas, Rulfo, Onetti — and the Paraguayan Augusto Roa Bastos (in exile since 1947). Onetti is certainly the greatest living urban novelist, and lack of *translations of his fiction* defies comprehension. But there was a simple explanation of the comparative neglect of the others I have mentioned: their main subject was the indigenous Indians.

Probably Roa Bastos's earlier novel Son of Man (translated in 1965) went as far as is possible in its presentation of the Guarani Indians' nature and way of life. Its nine episodes *cover Paraguayan history from* the early years of President Francia to the end of the Chaco War with Bolivia. It used classic Guarani texts with astonishing artistic integrity. Its theme was no less than this: that the rights and systems of the Guarani's were violated, by conquerers and *then by the* people of mixed race, at the *expense of humanity.*

But Roa Bastos felt he had failed. He tried again with I The Supreme (1974), partly based on a youthful unpublished work called Fulgencia Miranda. Dr Jose Gaspar Rodriguez de Francia (1766-1840: *President* from 1811, "elected for life" *1814) could hardly have existed* —except that he did. *An egomaniac who broke off with the* Vatican and formed his own Church, he was utterly sincere, and brought "order and prosperity" to Paraguay—but at the expense of all else. I The Supreme is an achievement on many levels, of which perhaps the greatest, if most oblique, is its understanding *of the* indigenous population.

It is a phenomenological tour de force of immense energy, both comic and tragic. It is unique. As ambitious as fiction can possibly be, trying to understand a whole people, the nature of politics, of language, of reality, employing complex allegory, it is a failure (as Roa Bastos well knows), but one of the most triumphant and *densely and brilliantly* written failures of all time. It is required reading. The translation, done with the author's help, is painstaking and good: an achievement in its own right.

Stanley Middleton is one of England's most reliable novelists, and After a Fashion keeps up his high and by now acknowledged standards. In this novel he traces the history of an *emotionally withdrawn man* whose mariage has failed and *who does not enjoy the modest* success he has achieved as a writer. J. J. Harrington *is a* success: as an academic, as a writer, as a person whose good advice is sought. But he can't relate properly to others, especially to the three women who most concern him. He *doesn't understand why,* in their different ways, they need him: he doesn't want to need anyone.

It is a bleak novel, about a man who cannot achieve warmth, and who is therefore horribly isolated. Middleton conveys the extent of his isolation with a satisfying skill that continues to grow, and to increase his deservedly famous mastery of "the ordinary."

English readers enchanted by Amos Tutuola have been puzzled that there is some Nigerian hostility to him. It is *partly because a novelist* writing in Yoruba, Daniel *Fagunawa, is better and more* profound. The Nigerian Nobel laureate Wole Soyinka has put a book of Fagunawa's into English, and this demonstrates the fact. Still Tutuola, even if his books are not as good as literature as we once thought, provides us with a quaint and enjoyable version of Yoruba folk tales. In this new one the attractive quaintness is running a little thin: but it has its enjoyable passages.

The Little Galloway Girls is a collection of 12 stories from the author of the praised novel The Kileen. *Irish stories can* be somewhat monotonously "over-sensitive"; and *then* there are the masters such as Moore, O'Flaherty and O'Faolain in whose shadow they are inevitably read. "Has this already been done better?" the reader is bound to ask.

Mary Leland stands up well: better than most. Her use of dialogue is original, and she does not strum the old Irish harp to gain unearned effects. She casts new light on familiar sets of circumstances by concentrating on the consequences of moments of insight—"epiphanies"—and one of the best of *the tales here is called* "Epiphany."

Martin Seymour-Smith

Intrepid spinster

A VOYAGER OUT: THE LIFE OF MARY KINGSLEY
by Katherine Frank. Hamish Hamilton, £14.95, 333 pages

THE LIFE of Mary Kingsley is presented in A Voyager Out as a dramatically paradoxical one. On the one hand, she threw her energies into exploration and adventure in West Africa, and, as a result of her books about that region, became a famous literary figure back in London. On the other hand, she led an existence of self-sacrificing *Victorian spinsterhood.* Not only did she devote most of her *youth to the care of her invalid* mother, but even when Mrs Kingsley died, in 1892, and Mary, at the age of 29, was free to travel, her plans were often hampered by her conviction that she should provide a home for her younger brother: "I must do it—it is duty, the religion I was brought up in."

This element of grim dutifulness, however, was not accompanied by any meek devotion to established pieties. Mary was extremely scathing about the policy of westernisation pursued by the mission schools in Africa; she notes acerbically that the skills of sewing, wash*ing, and ironing, eagerly* imparted to female pupils, appear "*quite parlor accomplishments* when your husband does not wear a shirt and household linen is non-existent." In the face of the missionaries' efforts to stamp out polygamy, she firmly defended this practice—partly on the curious ground that *it was necessary to the* efficient performance of domestic chores ("the more wives the less work, says the African lady").

Mary Kingsley also condemned the missionaries' patronising view that Africans were unfit to be entrusted with alcoholic drink: in defending the export of trade gin and other alcohol to Africa, she declared: "I have no hesitation in saying that in the whole of West Africa there is not one-quarter the amount of drunkenness you see any Saturday night you choose in the Vauxhall Road."

One appealing aspect of this biography is that it emphasises the hedonistic element in Mary's travels — she describes herself as "feeling like a boy with a new half crown" when first selecting her own particular area of the tropics to explore. The various dangers and difficulties which she encountered —struggles with leopards and crocodiles, for example — seem merely to have increased her *sense of excitement.* On her return to England, she indicated *her preference for more exotic* regions by heating her flat to a consolingly tropical temperature.

Among the problems of African travel was the constant questioning as to the whereabouts of Mary's husband: "Not, *have you got one or anything* like that which you could deal with, but where is he?" She warns other unmarried women exploring Africa not to deny having a husband, but "to say you are searching for him, and then you locate him away in the direction you wish to travel; this elicits help and sympathy."

Katherine Frank often seems unduly worried by Mary Kingsley's spinsterhood: an irritating feature of this book is the biographer's tendency to indulge in bursts of speculation about any episode that *offers a hint of romance.* ("Perhaps this young man in his *straw boater and white shirt*-sleeves was intrigued, even *attracted, by Mary. . . .*")

A Voyager Out is consistently enlivened, however, by the inclusion of large numbers of quotations from Mary's own writings — quotations which demonstrate very clearly her sharp sense of irony, her dauntless strong-mindedness, and her enormous enthusiasm for the regions which she studied and explored.

Chloe Chard

Harold Beeley looks at a new study of the part played in Lebanon by De Gaulle

Free French and the Arabs

THE ANGLO-FRENCH CLASH IN LEBANON AND SYRIA, 1940-45
by A. B. Gaunson. Macmillan, £29.50, 233 pages

THIS IS a fascinating story, *admirably told. In* 1941 the mandated territories of Syria *and* Lebanon were, apart from North Africa, strategically the *most sensitive* of France's overseas possessions. They were occupied by forces loyal to Vichy, and in the task of liberating them it was necessary for the British Middle East Command to play the leading part.

The results was to create a situation in which de Gaulle, acutely aware of Pétainist accusations that he was betraying French interests, bitterly resented British intervention in his running battle against the pressures of Arab nationalism. For Churchill it was self-evident at that time that "the Arabs bulk far more largely in our minds than the Free French." *De Gaulle's* perspective was narrower: "You think *I am interested* in England winning the war? I am not. I am only interested in France's victory." So at least he is recorded by the central character in Dr Gaunson's drama, General Sir Edward Louis Spears.

Spears's reputation as a liaison officer with the French forces in World War I had *led to his enlistment* by Churchill in the same capacity, and it was he who brought de Gaulle to England in June 1940. He was a natural choice as Minister to the Republics of Syria and Lebanon after their independence had been proclaimed by the Free French and guaranteed by Britain. By this time, however, he was disillusioned with de Gaulle and he began immediately to champion the cause *of the* two Levant States with all the *energy and determination* he had previously devoted to the *resurrection of France.* It was with immense reluctance and the prospect of endless delay that the French began to give effect to *the proclamation of independence.*

Spears intervened unashamedly in this process, with serious *repercussions* on Anglo-French relations in London, and thereby *earned* the detestation of many in the Foreign Office, *largely* shared by Eden. They distrusted his judgment and were *dismayed* by his methods. But just as Stratford Canning, serving in Constantinople before the invention of *the telegraph,* was thus freed from close control by his Government, so Spears was shielded from the fury of his official superiors by the constant support of Churchill. Assailed once by Catroux on the subject of Spears, the Prime Minister replied simply that "*Spears is my friend.*"

It was not until Armistice Day in 1944, when Churchill drove with de Gaulle through the cheering crowds along the Champs Elysées, that he changed his mind. Eleven days later Spears was asked to submit his resignation. But it was Spears who in his absence had the last word. In May 1945 the French bombarded Damascus. British armoured *columns were ordered into the* city. French troops were confined to their barracks and France's mandate in the Levant came effectively to an end.

I have one regret about this book. From the beginning of 1944 the British diplomatic representative in Algiers and later Ambassador in Paris was Duff Cooper, who regarded Spears as "a fatal impediment to improved Anglo-French relations." The telegraphic crossfire between these two exceptionally articulate *and* combative envoys is unlikely to be *forgotten* by *anyone* who followed it at the time, but there is little trace of it here.

America's ruling elite

THE WISE MEN: SIX FRIENDS AND THE WORLD THEY MADE
by Walter Isaacson and Even Thomas. Faber & Faber, £15.95, 853 pages

TWO TIME magazine journalists have compiled a composite portrait of six leading figures of the "American Establishment," using a rich mixture of interviews, recordings and manuscript sources. The terms, "Establishment," in their sense, was popularised by an Englishman, Henry Fairlie, in an Encounter article of 1955 and *has been a subject of discussion* and contention ever since. Isaacson and Thomas have made a brilliant case both for its existence and importance.

In The Wise Men, they have traced the careers of six friends, Averell Harriman, Robert Lovett, Dean Acheson, John *McCloy, Charles Bohlen and* George Kennan, two bankers, *two lawyers and two diplomats* who in the late 1940s shaped the doctrines of containment and forged the alliances which still provide the foundation of present-day American foreign policy.

All were men of substance (two are still living) though *Harriman, son of the great* railway king of America was in a class by *himself and John* McCloy was born on the wrong side of the tracks. All were educated in private schools, four at Groton or St Paul's, the American equivalent of Eton or Harrow, and each went on to one of the elite ivy-league colleges, Yale, Princeton or *Harvard.*

They knew each other professionally and socially; their paths constantly crossed first in Wall Street and then in Washington or Moscow. They all were in government service during the Second World War rising to eminence during the Truman years. Thereafter all but Charles Bohlen who remained in the Foreign Service until retirement, they moved in and out of the government serving either in an official or advisory capacity a succession of president from *Eisenhower to Reagan.* They were a long living group.

The authors carefully define the nature of the Establishment. This was an elite *open to talent:* McCloy made his own way succeeding in Wall Street and in Washington because he had the knack of getting things done. It was a loose and extended mafia, the six friends recommended each other, their allies and protégés in the rapidly expanding foreign and strategic policy network of the 1930s and 1960s. *Dean Rusk,* a Cherokee County farm boy, was a protégé urged *on Kennedy by McCloy,* Lovett and Acheson, who as trustees of the Rockefeller Foundation provided the termination bonus that allowed Rusk to accept the secretaryship of state. *Paul Nitze is probably* the Establishment's last representative still being used by the Reagan Administration as arms negotiator in Geneva.

Taking their inspiration from Henry Stimson, Roosevelt's Republican Secretary of State for whom both Lovett and McCloy worked, this was basically a non-partisan group who served the presidency rather than the president. Harriman, who saw *himself* as a potential Democratic presi*dential candidate,* and actually became governor of New York was considered by his friends naive politically and totally unsuited for courting votes. Not really dependent on any political patrons, they could serve whom they wished returning to their investment houses and law firms or, *in the* case of Kennan retreating to the groves of *academe.* This *most* prescient but difficult of men, always out of step with the prevailing mood, could not bear his isolation any longer. Neither Harriman, Lovett, nor McCloy saw any conflict between their financial *and business* activities and their service to the state. Their market operations made possible their independence and *enhanced their advisory roles* at least until the radical changes of the 1970s.

This ambitious yet highly readable book presents the histories of these architects and defenders of America's containment policies in a sympathetic but not uncritical light. Readers *are given a digestible survey* of American foreign policy from Roosevelt to Reagan from a unique and rewarding vantage point. The interest does not flag. Unfortunately, the notes are arranged in such a way that it is almost impossible to trace the source of the many quotations one would like to savour. Nonetheless this is a riveting book.

Zara Steiner

A to Z

SCHOLARS of American literature have long been gratefully familiar with an omniscient phenomenon known for short as Hart. This is a reference book first published nearly 50 years ago and periodically updated. *It now appears in an* abbreviated form as The Concise *Oxford Companion* to American Literature by James D. Hart (Oxford £19.50, 497 pages) and is strongly recommended for both students and the general reader.

A.C.

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ARTS

Dafydd Hywel in "Coming up Roses"

Annalena McAfee on the birth of Welsh cinema

Casting a Dai

THE LIGHTS go up on a new £500,000 National Film Centre in Cardiff next Friday, marking a new era of optimism for cinema in Wales. The three-cinema complex in the Chapter Arts Centre will be opened by the critic Dilys Powell a month after two new Welsh language films, *Coming Up Roses* and *Boy Soldier*, have been released to international acclaim.

The gentle comedy of *Coming Up Roses* equates the closure of a dilapidated local cinema, The Rex, with unemployment and disillusionment in a Welsh Valley town.

The director, Stephen Bayly, an American living in Wales, said: "The film is about the Valley's people . . . despite financial problems, the mines closing, people still seem to have a buoyant, positive outlook."

Ironically, film and other media industries in Cardiff now employ 4,500 people—nearly half the number employed in the remaining South Wales coalfield.

The initial stimulus for this development was the launch in 1982 of S4C, the Welsh fourth television channel, with a budget of £20m. Independent production companies mushroomed throughout the city and S4C established a reputation for backing fine, innovatory television drama and animated film which were later sold worldwide.

Among the most successful productions was *Joni Jones*, a five-part drama series depicting life in a Welsh village during the Second World War seen through the eyes of a young boy. Directed by Stephen Bayly, the series was sold to 10 countries and screened with English subtitles on BBC2.

But S4C's most famous success was the cartoon SuperTed, which was sold to 40 countries throughout the world and became the first British animation series to be bought by Walt Disney. The independent company behind SuperTed was Siriol, formed five years ago specifically to provide animation programmes for S4C.

Tomorrow, Robin Lyons, Siriol's director, will learn whether SuperTed, twice-nominated, will carry off this year's British Academy of Film and Television Arts award for best animated film.

Since SuperTed, with its merchandising spin-offs, Siriol has consolidated its success with Wil Cwac Cwac, a duck cartoon sold in 20 countries, including the US and USSR, and a half hour pilot programme, *Space Baby*, which was recently sold to the BBC and the US.

With up to 2,000 drawings a minute for an 80 minute film, animation is a very labour intensive process. Siriol has grown from a £100 company to one with a £1m annual turnover, a full-time staff of 20 and 20 part-time freelances.

On the other side of the city another animation company, Fairwater Films, set up by Tony Barnes and Naomi Jones, has just signed a £300,000 deal to make a series of 26 five minute films, *The Shoe People*, for TV-am.

S4C puts about £700,000 annually into animation. With an anmual budget this year of £40m and top ratings of only about 127,000, the Welsh fourth channel has been criticised as the highest subsidised television channel in the world. But the Welsh, reaping the benefits in job creation and a flourishing new industry, are not complaining. Besides S4C, the BBC and HTV employ about 2,000 people in the area.

In recognition of the importance of the new industry, South Glamorgan County Council has set up an organisation, Cardiff Media City, to promote the communications businesses in the Welsh capital, to encourage further expansion and to project a new, positive image of Cardiff internationally.

S4C also supports the video and film workshops at the burgeoning Chapter Arts Centre, which provides production facilities, training and equipment hire. In a city which has, somewhat hyperbolically, been described as "a new Hollywood" in the wake of the two recently released Welsh language films, it is not surprising that in Chapter's spanking new cinema complex there is a 30-seat preview theatre, with three editing rooms, sound transfer and dubbing studios.

But for the Welsh cinema-going public, the main interest next Friday will be the new, 200-seat cinema with Dolby Stereo, large viewing screen and luxurious plush blue seating. Funded by the BFI, the Wales Tourist Board, Welsh Arts Council, the County of South Glamorgan and Cardiff City Council, the new cinema represents an investment of hope as well as cash—a far cry from the run-down Rex of *Coming Up Roses*.

Douglas Fairbanks in "Tthe Thief of Baghdad"

Silents are golden

WHILE British movies like *Mona Lisa* and *A Room With a View* contend for this year's Oscars, a no-less significant British export has been the recent season of four classic American silent films presented in New York's Radio City Music Hall by Thames Television, with full orchestral accompaniment composed and conducted by Carl Davis. These revivals are now familiar to British audiences from the London Film Festival and the Channel 4 broadcasts but this is the first time these versions have played in the US, and the importance of the event has not eluded the New York press.

The four films covered the range of silent film drama. A Lillian Gish programme included her first screen appearance in a 1912 D. W. Griffith short, *An Unseen Enemy*, and the 1928 feature *The Wind*, which she also produced. John Gilbert, one of the silent era's greatest stars, was represented by two films. *Flesh and the Devil* (1926), introduced his romance with Garbo to the screen. *The Big Parade* (1925) set in the First World War, presented its modern audience with an interesting point of comparison to *Platoon*, both films sharing the authenticity of being able to draw upon the experiences of veterans of the conflicts they portray. In lighter vein, the final film was *The Thief of Bagdad* (1924), an exotic fantasy starring Douglas Fairbanks Snr.

With its splendid art deco interior, Radio City Music Hall should have been the perfect setting for the season. Its very size, however, demanded amplification of the orchestra, which inevitably introduced a somewhat artificial, recorded quality to the sound. The American Symphony Orchestra tackled Davis's demanding scores with enthusiasm, though occasionally lacking the bravura that comes with complete familiarity.

Viewing the films in succession, one is struck by the variety and inventiveness of Carl Davis's scores, his ability to reflect every level of the film he is accompanying. This contrasts starkly with the efforts of some musicians working in this field, who either follow the impulse to let the music take over, irrespective of what is happening on screen, or who think they can get away with a semi-prepared improvisation for a chamber ensemble (the NFT's recent screening of the French masterpiece *Casanova*, newly reconstructed, was wrecked by one such a musical carbuncle).

The success of the Radio City season has led to festival engagements in America and the possibility of a tour. There are also plans to return to New York next year. In addition, Carl Davis is conducting *Napoleon* in Israel and on Waterloo Plain later this year, as well as in London in April. The presentation of *The Wind* at the silent film festival at Pordenone in Italy last summer has led to engagements throughout Europe, and increased interest amongst the world's film archives. Turner Entertainment, which now owns the MGM library from which most of the Thames Silents prints are drawn is considering releasing the video versions for sale and rental. If it decides to go ahead this would be a most important step towards effecting a large-scale revival of the silent cinema.

It is interesting that the renewed interest in silent films should come at a time when the commercial Hollywood product seems to have sunk permanently into a rut of uniformity — only occasionally broken — where the choice of subject matter is as unadventurous as the film language in which it is expressed.

When allied to the abstract but direct emotional charge of apposite music the impact can be overwhelming, as New York audiences have just discovered. Unlike much of contemporary cinema, these films demand a great deal from the audience by way of intelligent, active interpretation of the screen image, and audiences seem to enjoy having those demands made. So perhaps the industry should take note from the example of its own heritage and allow its more maverick talents to spread their wings, to recapture the adventurous spirit of early film. In rediscovering the achievements of its pioneers the American film industry has the opportunity to reinvent the modern cinema and enter a new golden age. If it has the will to do so.

Mark W. P. Ward

Radio

Sophia's choice

"CAN WE have fewer political messages in plays and serials?" asks Paul Johnson in The Spectator. He was speaking of television, but there are more plays on radio than on television, and the question will apply even more. Mr Johnson was upset because it had been suggested that an episode of *EastEnders* should boost the Government's advice on AIDS. In radio, I have always understood that *The Archers* was intended to publicise various matters concerning agriculture; in fact the programme has an "Agricultural story editor" to make sure that these things are properly presented. A crop disease as potentially disastrous as AIDS ought surely to be dealt with in *The Archers*. But even if we discount this programme as a special case, I would have said that current affairs, political or not(and surely there is nothing contentious in the Government's hope to contain the spread of AIDS), are a vital ingredient in drama. It might be interesting to look at three of the week's principal broadcast plays and vet them for politics.

The nearest to politics was Robin Glendinning's *Condemning Violence*, Radio 4's Monday Play. This was a very sharp play about Belfast middle-class society. Of the three coupies at George's house, only one, Harry, is politically active; that is to say he has been roundly defeated as an Alliance candidate for the council. But politics hangs over their lives all the time. The radio reports a murder. "It's appalling," says Harry's wife—"threats, intimidation, violence." "That's the world we live in," she is reassured. A joke is made about Bobby Sands's funeral. "If you can't laugh at these things you never learn ot live with them." And indeed they regard a stolen car as routine. Only Harry is moved to action; it is absolutely vital that he should make a statement about the murder. Everyone else is more concerned with their own domestic crises, behind which the violence of the outside world must take second place. The play was very well performed under Susan Hogg's direction.

In a way, David Hare's magnificent play *The Bay of Nice*, which Radio 3 gave us on Friday, presents a similar situation. It contains no outright political comment, but life in Leningrad in 1956, as Mr Hare paints it, bears no intrinsic political colour. The fact that a Russian aristocrat who fled to France in 1919 should have left a Matisse to a Leningrad museum on his death supposes a particular way of life. We do not meet this aristocrat, nor do we hear more about the Matisse than its name, "The Bay at Nice"; the story deals with Valentina Nrovka, once a Matisse pupil, who has been asked to authenticate the painting but during the length of the play is concerned only with her daughter Sophia's intention to leave her husband and children and live with a silly, bald, 63-year-old man. The play was given by the company that played it at the National Theatre last year, directed for radio by Richard Wortley—Irene Worth, Zoë Wanamaker, Philip Locke. *It was one of the* best things I have heard on radio for years.

B. A. Young

Frivolous Paramour

AN EVENING that brings three new works by young choreographers to the repertory merits our cheers, even if the pieces themselves invite rather less applause. So bravo for Sadler's Wells Royal Ballet—in the midst of a season's touring—for producing ballets by Graham Lustig, Susan Crow and Derek Deane at the Birmingham Hippodrome on Thursday night.

We began with Lustig's *Paramour*, which uses that most Parisian of music, Poulenc's double piano concerto. The setting is very worldly—what the French used to call *Le Hig Lif*. Nadine Baylis places the action in the salon of a grand house—palely painted drops of tapestries and chandelier, and a sofa on which sits Galina Samsova. Four couples, the women looking as if they hoped they were dressed by Patou, the men in tails, flirt. So do Marion Tait and David Yow, and so eventually do Miss Samsova and Petter Jacobsson. It is all very frivolous, and slightly undecided about relationships, since there are cross-flirtations and gusts of jealousy. There are resonances with *Les Biches* because of the score and location, but Mr Lustig is rather more blatant in his emotional effects than Nijinski. After some flares of temperament, Miss Tait opts for Miss Samsova, rather than Mr Yow or Mr Jacobsson: a clever trick ending that also evokes memories of Collette's stories.

Paramour is neatly made, elegant in tone. The music carries the dance, even if Poulenc's hints of irony and musical *argot* are not always realised in the choreograpny. Everyone in the cast looks good. The piece is a *soufflé*, more air than matter, perhaps, but served piping hot for our delectation.

Susan Crow's *Private City* starts with the advantage of brilliant design by Tim Shortall, a giddying perspective of pillars and architectural elements that lead the eye to a distant archway. This is the location Miss Crow peoples with city characters, their behaviour inspired by the urban poems of A. S. J. Tessimond. (I hope the ballet may bring theatre-goers to explore his poetry.) Miss Crow's epigraph is from Tessimond's *London*—"I am the reticent, the secret city"—and her cast, cleverly dressed by Mr Shortall in transparent plastic versions of work clothes—are like revenants dreamed by the City. They are lovers, isolated individuals, as well as the city's crowds.

The dance language is deliberately restrained, underplayed in its physical statement so that gesture rather than step is the means of expression, its most impressive section a duet for June Highwood and Nicholas Millington as lovers briefly united.

Private City is, I suspect, a work which never quite lives up to its first potent visual image, though the dance responds with real sensitivity to a vivid score for soprano saxophone, bass clarinet and synthesiser by John Surman. The music's clear texture and clean lines may have led the choreographer into a too contemplative mode: her dances are, like Tessimond's *London*, physically—but not emotionally—reticent.

No trace of reticence anywhere in Derek Deane's *The Picture of Dorian Gray*. This is barn-storming dance, choreographic melodrama, Grand Guignol *on point*. If one accepts that it is not possible to make a ballet out of Wilde's over-ripe fable, then what Mr Deane has done has a curious self-indulgent energy, like someone stuffing himself on rich food and suffering nightmares of indigestion. Peter Farmer has brought off skilled design to convey the narrative's six scenes. There are all sorts and conditions of humankind on view, from a duchess to a transvestite, ball-gowns, tail-coats, dry ice, sailors, opium, the love that dares not speak its name, tarts, murder, drunkenness, and choreography that genuflects in the direction of Sir Kenneth MacMillan.

There is also a score by Carl Davis that sounds at best like hung-over Massenet, and at worst like the sound-track for a Hollywood weepie, which does nothing for the sobriety of the work. Company performances would not disgrace the Crummles's troupe: Roland Price as Dorian smiles a great deal and behaves as if he were about to recite *Excelsior*; Anita Landa has a wonderful time as a drunken old vulgarian; Samira Saidi dances touchingly as the heroine; Russell Maliphant, as a young aristocrat, moves with a physical intensity worthy of better surroundings. The real pity is that Mr Deane has choreographic sensibility and a lively feeling for drama: to fritter his gifts on this Wildean *ragout* seems wilfully wrong-headed. As a note in passing I record that the portait of Dorian Gray starts off as a lurid photograph of Mr Price but in its horrid transformation it bears a striking resemblance to the Abbé Liszt in his latter years.

Clement Crisp

Sombre carnival

CARNIVAL in Bolivia has opened at the Museum of Mankind in London. Bolivian Worlds is a lively and rightly garish view of how the tin miners of Oruro cope with a life that is both capricious and dangerous. One miner said, "We eat the mines and the mines eat us."

The traditional, pre-Spanish conquest (1538) deities of Pachamama, the earth-mother, now partly moulded into the Virgin, and Supay, hill-spirit and devil, must be propitiated. They need their offerings of earth products, made before the miners go down: sweets, chocolate, herbs and spices, cigarettes. Supay then may find a load of tin or make it stop. A bad accident means giving a llama, or at least a llama foetus, to set things right.

It is an elaborate exchange of favours which makes sense because the threats to life are externalised. The most vivid and external event is Carnival. Its preparations take much of the year. Elaborate costumes, wtih the glitz of metal thread, cotoured glass and beads, and grotesque masks go with church services, parades, dance-dramas, eating and drinking. They combine the pre-conquest and Christian, political and religious, prestigious and fantastic, sacred and secular, in such a way that if one tries to isolate the elements, the whole world view may be lost.

The spirits are powerful and the earth must be kept alive and safe from them. Carnival begins with an invasion of devils and ends with their rout. The pop-eyes and lurid colours, and snakes and spiders of the masks, and mirrors cut to make peace, embody physically — and emotionally—just what we in our comfort fear in dreams but do not dare to represent.

The colours and dancing and bizarreness purge and infuse excitement into drab and dangerous lives, summed up by the dark brown ponchos of undyed wool. The Virgin will protect if she is honoured. She likes cars covered with silver bowls, borrowed for the parade—and a source of power for the lender.

This is the first showing of a Bolivian ethnography in this country, and Lufthansa is the sponsor. Like other exhibitions at the museum, it is no mere cabinet of native curios, but a lively presentation of a non-Western view of the world. It does not go so far as to suggest it is better, but it does imply we shall know ourselves by knowing others.

Gerald Cadogan

Records

Definitive Lutoslawski

WHY of all Lutoslawski's works it should be his Third Symphony that promises to break through into the mainstream orchestral repertory, remains, I confess, a mystery to me. But evidence of the work's current popularity comes in the shape of the second recording of the symphony to appear within a year. I reviewed Esa-Pekka Salomen's CBS version some months ago; now from Philips comes what promises to be the definitive account, conducted by the composer himself, and again coupled with his magical setting of Robert Desnos *Les Esparces du Sommeil* (Philips 416 387).

If the symphony broke no new linguistic ground when it was written (finished in 1983) —indeed seemed to seek refuge in relatively traditional formal devices—it was always quite clearly a superbly crafted examination of orchestral virtuosity, an appropriate commission for the Chicago Symphony Orchestra. It is that virtuosity, and the excitement its exact realisation can generate, which burst out of the new recording. Lutoslawski conducts the Berlin Philharmonic, and obtains from it a performance as thoroughly idiomatic and whole-hearted as one could imagine. Perhaps Salonen does alight upon some expressive detail which Lutoslawski overlooks, but he cannot compete with the latter's sheer flair nor does his placid account of the song cycle stand up well against Fischer-Dieskau, for whom it was written, living every syllable and heightening the phrases with almost operatic vividness.

Elliott Carter's Variations for Orchestra is an orchestral vehicle of an altogether tougher, more rewarding kind. For many years the Prausnitz recording with the New Philharmonia has done adequate service, but a compact-disc version, even one recorded at a public performance, is invaluable for teasing out the lyrical strands, laying bare the convoluted structure. Michael Gielen and the Cincinnati Symphony (New Word NW 347) give a careful, nicely detailed reading, even if there is a level of immediacy which one has heard in this work when conducted by Solti that they do not explore at all. But the coupling, Ursula Oppens' playing of the Carter Piano Concerto, again with the Cincinnati SO and Gielen, is unsurpassed in my experience; what has become accepted as Carter's most refractory score emerges here as a fiercely dramatic musical argument, projected with great passion and brilliance.

Also on New World Records, Peter Serkin's recital of piano works by Stravinsky, Wolpe and Peter Lieberson (NW 344) may not bring any substantial new pieces to the catalogue but does yield piano playing of a characteristically penetrating and absorbing kind from an artist who has not been recorded nearly as much as his stature merits. The Stravinsky Serenade and Sonata receive tightly controlled, highly strung readings; the Lieberson Bagatelles are simple little effusions, hardly representative of a composer who seems to operate most effectively on a much larger canvas, and the three Wolpe pieces, including the massive and impressive Passacaglia from the Four Studies on Basic Rows, provide a good introduction to this highly wrought music. The slightly warm recorded sound makes a nice foil to the severity and crisp outlines of the music.

A Nimbus compilation of works by George Benjamin (NI 5075, CD only) contrives to bring together this three most successful scores to date. The sequence, from the orchestral *Ringed by the Flat Horizon* (1980) through the Wallace Stevens setting of 1981, *A Mind of Winter* to the London Sinfonietta commission *At First Light* (1982) shows how Benjamin's huge creative talent has worked at its craft.

The orchestral work is impressive enough for a 20-year-old, effortlessly fluent in its harmonic language and instinctive in its manipulation of structure. But it is outstripped by both *A Mind of Winter*, constantly lit by magical, evanescent sonorities, and *At First Light*, which takes the Turner painting of the same title as just the starting point for an exploration of colour and *chiaroscuro* that belies the slender (14-instrument) resources at its disposal. Performances —by the BBC Symphony under Mark Elder for *Ringed*, and the Sinfonietta conducted by Benjamin for the other works — have the kind of lithe, quick intelligence that characterises Benjamin's music.

Two LPs devoted to the music of Colin Matthews likewise sketch a consistent and lucid stylistic evolution. The chamber works played by the Divertimenti Ensemble on Auracle AUC 1007 range from the skilfully impersonal—the Oboe Quartet (1981) and Triptych for piano quintet (1984)—to the darkly effective Divertimento for double string quartet of 1982, which in its splendidly wrought single-movement span begins to explore the dense, highly expressive harmonic regions which link Matthews with 20th-century romanticism, and which lead directly into the more considerable achievement of the Cello Concerto (1984).

The Concerto appears on a Unicorn-Kanchana disc (DKP 9053), where it is coupled with Matthews' earlier and somewhat diffuse Sonata No. 5 for orchestra, *Landscape*. The Cello Concerto seemed a positive addition to the repertory at its Proms premiere, and wears well; its sombre mood and detailed thematic working are well sustained, and it is marvellously realised here by Alexander Baillie with the London Sinfonietta conducted by John Carewe.

The intense suspicion usually engendered by attempts to marry popular and "serious" music is partially defused in Peter Dickinson's Concertos for Piano (1984) and Organ (1971) by the skill with which the confections are put together. (EMI CDS 747584-2). The work for piano is the more substantial: its Ivesian collages are lucidly presented, the thematic roots of the material are never in any doubt. But in this concerto (performed by Howard Shelley with the BBC Symphony under David Atherton) and Organ Concerto (where Jennifer Bate is the soloist) the ingenuity of fitting unlike musical objects together successfully seems to have dominated the composer's creative processes too completely; one is left with an overriding impression of cleverness rather than of profundity.

Dickinson's gifts as a parodist and musical wit seem far better matched in scale to the selection of his shorter works, which he performs with his sister, the mezzo-soprano Meriel Dickinson, on Conifer CFRA 134. The ability to make light-fingered musical jokes is not to be despised, but they are not enough to trick out the larger canvasses of concerto form.

Andrew Clements

Chess Solution No. 664

If the P promotes to queen or rook, stalemate. If to knight, then K-N2; 2 N-Q7, K-B1; 3 N-B8, KxB; 4 NxP, K-K2; 5 N-N5, K-B3; 6 K-N2, K-N3; 7 P-R7, K-N2 and White cannot win. So 1 P = B !, White wins the QRP, then forces the BK to KN1 with WBs at QR7 and K5, WK at KB6. Then 1 B-QB5, K-R1; 2 K-KB7 mate.

Legal Notice

No 00152 of 1987
In the High Court of Justice
Chancery Division
IN THE MATTER OF
BAJ HOLDINGS LIMITED
— and —
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 23rd February 1987 confirming the cancellation of the sum standing to the credit of the Share Premium Account of the above-named Company as at 28th November 1986 was registered by the Registrar of Companies on 7th March 1987.

DATED this 21st day of March 1987

BLYTH DUTTON
8 & 9 Lincoln's Inn Fields
London WC2A 3DW
Solicitors for the above-named Company

WEEKEND FT

• SPORT •

Foreign invaders stalk US 'fat cats'

This year's American professional golf tour is under way and Ben Wright thinks that players from overseas could dominate affairs

WHAT A tremendous golf season this has been, and it has hardly started! This weekend sees the European tour get under way at the Royal Golf Club Dar es Salam in Rabat at the inaugural Moroccan Open.

On the US side of the pond, leading money-winner Corey Pavin, who weighs in at a fraction under ten stone, and served his apprenticeship in Europe, has incredibly won more than $300,000 inside two months, largely by virtue of dual victories in the Bob Hope-Chrysler Classic and the Hawaiian Open. And West Germany's Bernhard Langer has made more than $200,000 although still without a victory, which continues to elude him because his putting stroke is about as efficient as mine.

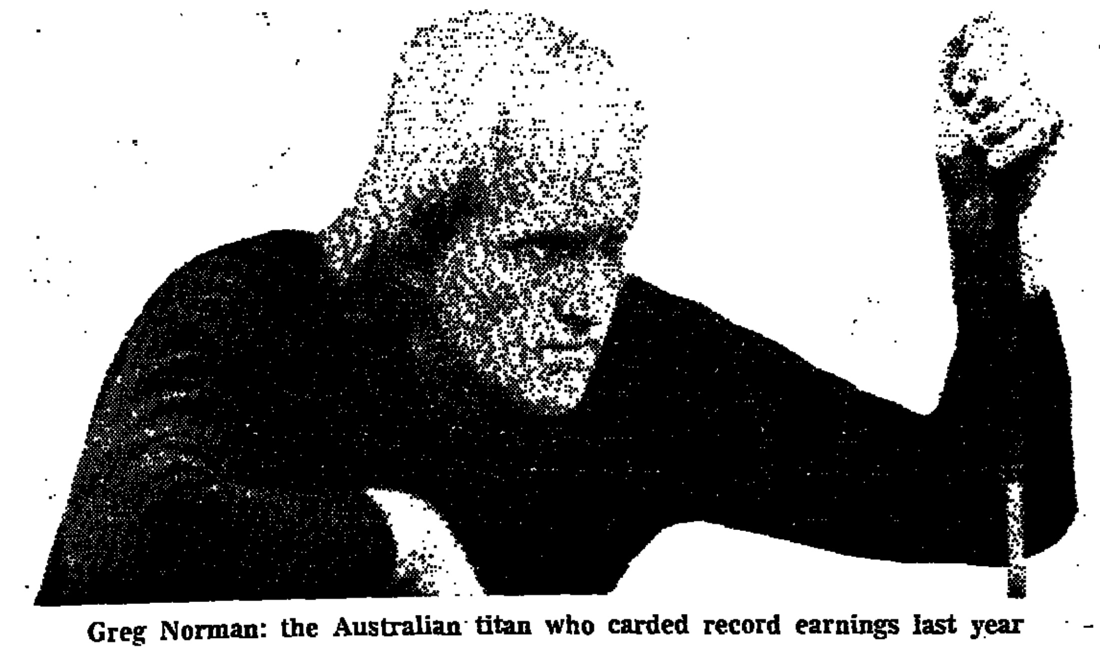
Next week there is the Tournament Players' Championship at Jacksonville Beach, Florida, which offers the second $1m purse of the season—the Doral Ryder Open, won by the best front-runner of my time, Lanny Wadkins, being the first. There will be two more events worth more than $1m in the US before the season's climax in San Antonio, Texas, at the end of October, with the $2m Nabisco team and individual championships.

Tucked in between these unbelievably lucrative events, Great Britain and Ireland's rather strange-looking amateur team will try at Sunningdale on May 27-28 to accomplish what only two previous sides have managed to do, namely, capture the Walker Cup—a biennial series won by the Americans no fewer than 27 times with just one notable tie at Five Farms, Baltimore, in 1965.

Of far more general interest, however, will be the attempt by Tony Jacklin's European team to retain the Ryder Cup against Jack Nicklaus's Americans at the Nicklaus-designed Muirfield Village Golf Club near Columbus, Ohio, from September 25 to 27. There might easily be more supporters for the visitors than the hosts, since the American football season will then be more than a month old.

Nicklaus is much in the spotlight. The whole world of golf will focus on his attempt in three weeks to defend his US Masters title at the Augusta National Golf Club against all the odds at the age of 47.

But the biggest feature of this, the most aesthetically pleasing tournament of all, will be the strongest-ever foreign challenge. This includes Greg Norman, Sevvy Ballesteros, Langer, Sandy Lyle, Nick Price (whose 63 in the third round last year was a course record), Taiwan's Los Angeles Open-winner T. C. Chen, rising Spanish and South African stars Jose Maria Olazabal and David Frost, Japan's Tommy Nakajima, and Howard Clark—all with at least a fair chance of victory.



Greg Norman: the Australian titan who carded record earnings last year

In fact, nothing would surprise me less than to see three invaders filling the first three places — an unthinkable prophecy even five years ago. But as the world's leading sports agent, Mark McCormack, pointed out recently (and correctly) in a controversial magazine article, his countrymen on the US tour have become a bunch of "fat cats" to whom winning is no longer all-important—a direct by-product of the all-exempt tour and the demise of the brutal but effective Monday qualifying round.

Looking back on the stirring events of the US season's early weeks, it was good to see Mac O'Grady possibly put behind him for ever his unseemly conflict with tour commissioner Deane Beman by posting a stunning opening victory in the Tournament of Champions.

However, Beman's other 1986 sparring partner, Ballesteros, has been an unsmiling and surly disappointment in his three outings to date, despite earning $95,738.

The Spaniard never threatened in San Diego, finishing tied for 23rd. But he had a great chance to win in Los Angeles after starting his final round with an eagle three. After that, however, he blocked several shots so badly that he could only match winner Chen's par-71 and finished—just as he had started — four shots back, alone in ninth place, muttering dark oaths of self-criticism.

If Ballesteros brooded blackly in Los Angeles, he was openly hostile in Miami, getting into a shouting match with tour official Bob Dickson, who will be remembered in the UK as the British amateur champion of 1967.

Yet, Ballesteros played the most brilliant shot I have seen this year at the 17th in the final round of the Doral Ryder Open. He hooked his drive into deep rough behind a grove of palm trees at this 406-yard par four, and intentionally hooked his second shot around them through 180 degrees. The ball pulled up 3 ft from the hole but Ballesteros missed the putt and, with it, his last opportunity to put any pressure on Wadkins.

Ballesteros won nearly $75,000 in tying for second place but few new friends among his American rivals. One of his playing partners told me: "We all respect Sevvy's talent. But if he isn't prepared to abide by our rules and doesn't like playing in America, he should go and play somewhere else where he can get richer on appearance money."

On a happier note, it has been wonderful to see the victories at Pebble Beach of "Old" Johnny Miller and young Mark Calcavecchia in the Honda Classic, exactly a year after he had caddied in the event.

His feat almost overshadowed the first US tournament victory for nearly four years of the popular Payne Stewart. During that time, the 30-year-old, who lives on the Bay Hill course, finished 32 times in the top 10, was nine times runner-up, lost three play-offs and was driven to the brink of despair. Now the monkey is finally off his back. I only hope that Sevvy wins in America soon to rid himself of the monstrous chip on his shoulder.

Cup beckons small fry

Philip Coggan anticipates an unfashionable club winning English soccer's top honour

THE TIME is drawing near when boots will be hung up, socks washed and clichés put out to grass for the summer. In short, less than two months of the UK soccer season remain, and it is at last becoming clear which clubs are in contention for major honours.

In the league, the two Merseyside teams have started to pull away from the usurpers who had held on to the leadership for the first two-thirds of the season. Every year, Liverpool seems to start slowly and then kick, like Steve Ovett or Sebastian Coe, as the runners approach the final bend. Most clubs by this stage have several injuries and have to call in youngsters. But Liverpool can call on Kenny Dalglish, John Wark or John Aldridge.

However much one admires Liverpool, it seems a pity that under Dalglish's management a whingeing tone has entered its public statements. That makes the prospects for the Littlewoods Cup Final on April 5 rather unpleasant since Liverpool's opponent, Arsenal, has soccer's champion whinger Steve Williams in its side.

Last week's scenes at Highbury, when Williams allegedly called the Watford manager a cheat, illustrated this very talented player's lack of self-discipline. Unfortunately, the contagion seems to have spread to the rest of the side, and in particular to Viv Anderson, who would surely never have behaved in such a way when he was managed by Brian Clough.

Player for player, one has to pick Liverpool to win the final, especially since the whole team has much more experience of the big occasion than most probably mean a trophyless year for the Highbury side. After such a good midseason run that is a pity, but the club will have lost the allegiance of a lot of neutrals following its recent behaviour.

In the league, although Tottenham has games in hand and Liverpool is actually in the lead, Everton could well come through at the death. The club has survived a plethora of early-season injuries without losing its rhythm and could mount a storming end to the season.

For the clubs in the band between 5th and 13th place, the rest of the season will be an anti-climax. With no EUFA Cup places to fight for and relegation unlikely, it will be hard to pump up the adrenalin or bring in the crowds. This only reinforces the view that the League is too large and unwieldy—easy meat for the property developers its supporters so resent.

It is a relief to find that the FA Cup offers the prospect of an unfashionable victor. Three of the four teams which remain — Coventry, Leeds and Watford — would certainly not be invited to join a new Super League.

Of the big name clubs, only Spurs is still there, and it faces a tough semi-final against Watford. As it triumphed over Wimbledon, one might expect the north London side to be well equipped for Watford's long-ball style, but in fact the Watford front three of Barnes, Blisset and Falco are likely to have more tricks up their sleeve than the Wimbledon attack.

However, every few years a club comes along—like Sunderland in 1973 and Southampton in 1976—and upsets the form book. Coventry has conceded only one goal in the competition so far, has the easier route into the final, and has the pace and skill to exploit Wembley's wide open spaces. It could run out this year's unfashionable Cup winner.

What about the minor issues? The new play-off system adds spice to the League relegation and promotion battles. With the 19th club forced to battle against Second Division rivals for the final place, none of the bottom nine First Division clubs can feel safe. Of those, surely West Ham and Sheffield Wednesday have the quality to survive. But the prospects for Manchester City, the lowest goal scorers in the division, and for Aston Villa, the biggest goal conceders, look bleak. Newcastle has the enthusiasm, the talent and the games in hand to mount a late season run for survival.

Despite Portsmouth's talent for snatching defeat from the jaws of victory, it and Derby look set to take the two Division Two promotion places, with Oldham strong contenders for one of th ethree play-off spots. Given the record of Leeds supporters, most First Division clubs will hope that Ipswich and Plymouth hang on to the other two places.

Analysis of the lower divisions shows that soccer, like politics, seems to have two nations. Draw a line from the Severn estuary and you find 58 League clubs above it and 34 below. More than a third of the southern clubs are in the First Division, which is the only tier in which they have the majority.

And the southern predominance is likely to grow. On the assumption that last Sunday's League positions stayed in force until the end of the season, over 80 per cent of the clubs occupying relegation spots would be northern. In the Fourth Division, four of the bottom five clubs are Burnley, Hartlepool, Stockport and Rochdale.

In contrast, over half the clubs in promotion spots fall below the dividing line, Liverpool and Everton at the top of the League standing out as the exceptions to what appears to be a growing two-class soccer divide. Of the 10 clubs below them in the First Division, only Nottingham Forest is a northerner.

The GM Vauxhall Conference —from which one club is due to be promoted to the League at the end of the season—nicely illustrates the north-south divide, with Barnet and Scarborough fighting it out for the top spot.

No offence intended to Barnet, but one must wonder whether yet another London soccer team is needed. There are seven in the First Division alone and 12 in the League.

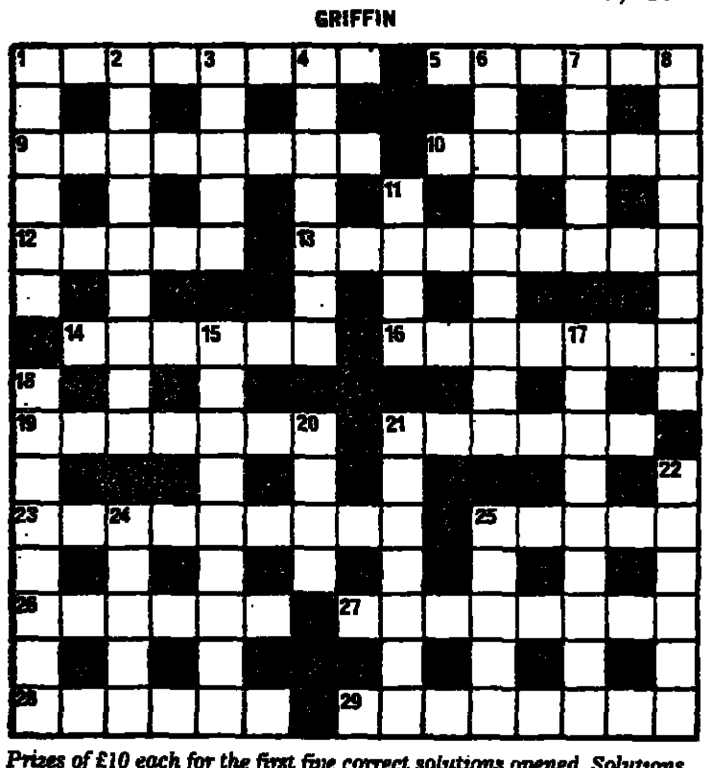
Although economic power has moved steadily south-east, that need not necessarily mean that soccer power should have moved the same way. Football's finances, and thus the ability to keep hold of the best players, ultimately depend on attendances. Since watching football is predominantly a working-class phenomenon, that has meant that the big industrial centres, Manchester and Liverpool, have remained at the top.

But areas which have been gentrified, like Fulham, or depleted of population, like some smaller northern towns, have suffered the vicious circle of poor performances and declining crowds.

After the end-of-season battle for promotion and relegation is settled, it will be clearer which clubs might be next for extinction.

F.T. CROSSWORD PUZZLE NO. 6,283

GRIFFIN



Prizes of £10 each for the first five correct solutions opened. Solutions, to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

ACROSS

1 Passionate love bird (8)
5 Since transmitted by agreement (6)
9 Middle-aged lodger turning out comic verse (8)
10 To descend rock face Jack leans back (6)
12 Regular time for sports item (5)
13 Record weight for an only child (9)
14 Lay ill, all in (6)
16 It introduces leading private soldiers to the front (7)
19 Point to piano with an odd green table ornament (7)
21 Biscuit tin copy (6)
23 Diamond I stole from outside display (9)
25 Reprimand for having music centre on after time (5)
26 Putting back door in bay is clever (6)
27 As discreet, too (8)
28 Former temp working for free! (6)
29 Got an unorthodox writer to ease famous U.S. building (8)

DOWN

1 Fiddle gifted doctor (6)
2 In time George is to get a new total (9)
3 One in ten reversed, parking out of place (5)
4 Bribed the eccentric Degas to take Elizabeth back (7)
6 Underwater vessel tale rewritten by navy officer (9)
7 Timber supplier climbs about ten for exercise (5)
8 Clever porter brought in tent ordered by an old copper (8)
11 Cut National Insurance by a penny after Sept 1st (4)
15 Illuminates the joint as a warning, in the main (9)
17 Attractive wild alpine planted in rocky gap (9)
18 Possible charge when Basil moves in (8)
20 He displays cold anger in retirement (4)
21 Indian man hiding in narrow opening (7)
22 Humble clergyman embraces me (6)
24 One learning about a French flower (5)
25 Passed Lady Swan in the street (5)

Solution to Puzzle No. 6,282

F	I	A	N	N	A		C	A	M	B	R	I	A	N
E		R		I		H		C		E		S		I
R	U	B	E	L	L	A		C	H	A	L	I	C	E
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C	A	R	T		S	C	A	P	E	G	R	A	C	E
I		E		M		H		T		A				S
T	I	T	I	A	N		R	E	D	R	U	T	H	
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SOLUTION AND WINNERS OF PUZZLE NO. 6,277

P	A	R	A	S	I	T	E		S	P	L	A	S	H
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U		W		N		Y		L		E		O		C
S	A	L	U	T	E		R	E	T	R	E	N	C	H

Mr A. L. Costello, Overton-on-Dee, Clwyd; Mrs S. M. Emmett, Darlington, Co Durham; Mr J. S. Heaton, Keighley, West Yorkshire; Mrs Nancy Macleod, York; Mr H. L. Feuchtwanger, Cheltenham, Glos.

SATURDAY — TELEVISION AND RADIO

† Indicates programme in black and white

BBC 1
8.20 am The Hunter 8.35 Dogtanian and the Three Muskehounds. 9.00 Saturday Superstore. 12.15 pm Grandstand including 12.20 Football Focus; 12.50 *News;* 12.55, 1.30 and 2.00 Racing from Lingfield Park; 1.10 Skiing; 1.40 Rallying from Portugal; 2.10 Rugby Union (Scotland v Wales); *3.55 Football Latest; 4.00 Rugby Union* —Ireland v France (highlights); 4.30 Boxing; and at 4.40 Final Score 5.05 News. 5.15 Regional programmes.
5.20 Perfect Strangers. 5.45 Jim'll Fix It 6.20 The Little and Large Show. 6.55 One By One. 7.45 Bob Says Opportunity Knocks 8.35 Bergerac. 9.25 News and Sport. 9.40 Cagney and Lacey. 10.30 The Houseman's Tale 11.45 Snooker (final of the Tuborg *World Cup).*

BBC 2
2.15pm Chess Classic. †2.45 Film: "The Importance of Being Earnest," starring Joan Greenwood, Michael Redgrave, Michael Denison, Dorothy Tutin and Edith Evans. 4.20 The Sky at Night. 4.40 Snooker. 5.45 The Week in the Lords. 6.25 Micro Live. 6.55 Newsview. 7.35 Sinfonia. 8.35 Saturday Review. 9.25 Snooker. 10.25 The Film Club: "Fanny and Alexander," (Swedish with subtitles). †11.55- 1.35 am The Film Club: "Wild Strawberries." *(Swedish with subtitles).*

LONDON
6.55am TV-am Breakfast Programme. 9.25 No 73. 11.00 Outsiders. 12.00 News. 12.05 pm Saint and Greavsie. 12.30 Wrestling. 1.20 The Fall Guy. 2.15 Comedy Classic: Please, Sir! 2.45 Women's Hockey—The Tipp-Ex Trophy, England v US live from Wembley. 4.45 Results Service. 5.00 News.
5.05 Walt Disney Presents. 5.15 Connections. 5.45 The A-Team. 6.45 Bobby Davro's TV Weekly. 7.15 Me and My Girl. 7.45 The Price is Right. 8.45 News and Sport. 9.00 Hunter 10.00 Aspel and Company. 10.45 LWT News Headlines followed by "The Long Good Friday" starring Bob Hoskins, Helen Mirren and Eddie Constantine. 12.45 am Barclay James Harvest in concert at Wembley Arena.

CHANNEL 4
9.25 am A Question of Economics. 9.50 4 What It's Worth. 10.20 am The Living Body. 10.45 The World—A Television History. 11.15 The Life and Times of Lord Mountbatten. 12.15 pm Isaura the Slave Girl. 12.55 Woody Woodpecker. 1.00 Four American Composers †2.00 "Orchestra Wives," featuring the Glenn Miller Band. †3.45 "Seven Sinners," Edmund Lowe stars with Constance Cummings. 5.05 Brookside Omnibus.
6.00 Right to Reply. 6.30 Speed Chess Challenge. 7.00 News Summary followed by 7 Days 7.30 Horses. 8.30 Mr Hearst and Mr Kane. 9.00 The Power Game. 9.55 Four Minutes. 10.00 Saturday Live. †11.15 "The Last Battle" †1.00 "Murder in a Mist." 1.30 Close.

S4C WALES
10.30 pm Union World. 11.00 A *Week in Politics* 11.45 What the Papers Say? 12.00 The Marketing Mix. 12.30 pm The Media Show. 1.30 Stairs 2.00 Ryobi Rhyngwladol. †4.20 Feature Film: "I Was a Spy." 6.00 Right to Reply. 6.30 Speed Chess Challenge.
7.00 The March of Time. 7.30 Newyddion 7.50 Stumiau 8.20 Elinor Ar Ernill. 9.05 Y Maes Chwarae. 10.25 E R 10.55 Ask Dr Ruth. 11.25 Feature Film: "A Severed Head," starring Ian Holm and Lee Remick.

IBA Regions as London except at the following times:

ANGLIA
11.00 am Tarzan. 5.15 pm Blockbusters. 12.45 am The Call of the Cloister.

BORDER
11.00 am Spiderwoman. 11.30 Mr Merlin. 1.20 pm Mary. 1.45 Rallycross (Shell Oils British Open).

CENTRAL
11.00 am Mister T. 11.30 Under the *Mountain* 1.20 *pm Knight Rider.* 2.15 Who's the Boss? 12.45 am Reo Speedwagon. 1.40 Central Jobfinder '87.

CHANNEL
11.00 Tarzan. 11.59 Today's Weather 1.20 pm Rallycross 1.50 Diff'rent *Strokes.* 5.15 Blockbusters 12.45 am Mirror Image—Violent Femmes.

GRAMPIAN
11.00 am UFO. 1.20 pm Magnum 5.15 Blockbusters. 12.45 am Reflections.

GRANADA
11.05 am The Greatest American Hero. 1.20 pm UFO 12.45 am Meltdown with guests Elkie Brooks and H2O.

HTV
11.00 am UFO 11.57 HTV News. 1.20 pm The Fall Guy.

SCOTTISH
11.00 am Fireball XL5 11.25 Crystal Tipps and Allistair. 11.30 The Smurfs. *1.20 pm Love Boat. 5.15 Blockbusters.* 12.45 am Late Call.

TSW
11.00 am Gus Honeybun's Magic Birthdays. 11.03 Chips 11.57 TSW News. 1.20 pm Tightlines. 1.35 Walt Disney Presents. 1.45 Diff'rent Strokes. 5.05 Newsport. 5.10 Blockbusters. 5.40 Gus Honeybun's Magic Birthdays. 12.45 am Postscript.

TVS
11.00 Tarzan. 11.57 TVS Weather. 1.20 pm Rallycross (Shell Oils British Open). 1.50 Diff'rent Strokes. 5.15 *Blockbusters.* 12.45 *am After Midnight:* Violent Femmes. 1.30 am Company.

Colin Forsythe in "The Houseman's Tale," BBC 1, 10.30 pm

TYNE TEES
11.00 am UFO. 11.55 Lookaround. 1.20 pm Tucker's Witch. 12.50 Poetry of the People.

ULSTER
11.00 am The Outsiders. 11.58 Lunchtime News. 1.20 UFO. 4.55 Sports Results. 5.00 Ulster News. 8.57 Ulster News.

YORKSHIRE
11.00 am Tarzan. 1.20 pm Scarecrow and Mrs King. 12.50 am Jobfinder.

Stereo on VHF

BBC RADIO 2
8.05 am David Jacobs. 10.00 Sounds of the 60s. 11.00 Album Time. 1.00 pm *The News Huddlines.* 1.30 *Sport on 2* including Rugby Union and Football. 6.00 Pop Score. 6.30 They Did It Their Way. 7.00 The Conch Quiz. *7.30 The National Big Band Competition* All-Winners' Concert. 8.30 Nice 'N' Easy. 9.30 String Sound. 10.05 Martin Kelner. 12.05 am Night Owls with Dave Gelly. 1.00 Bill Rennells presents Nightride. 3.00-4.00 A Little Night Music.

BBC RADIO 3
7.00 am News. 7.05 Aubade. (8.00 World Service News). 9.00 News. *9.05 Record Review.* 10.15 *Stereo* Release. 11.00 John McCabe (piano). 12.10 pm Chicago Symphony Orchestra: Webern and Beethoven. 1.00 News. *1.05 Mozart and Pleyel played by the* Salomon String Quartet. 2.00 Desperate, But Not Serious: Viennese *cabaret songs, 1928-39.* 3.00 Music with Swiss associations. 4.40 Lucerne Festival Strings play Bach Concerto No. 4 in A. 5.00 Jazz Record Requests. *5.45 Critics' Forum.* 6.35 *The Organ* Sonatas of Alexandre Guilmant. 7.05 BBC Symphony Orchestra in Greenvale, US with Nigel Kennedy (violin): *Nicholas Maw* (Spring Music), Tchaikovsky (Violin Concerto in D): 8.05 Nicholas Maw in conversation; 8.10 Shostakovich (Symphony No. 11 in G Minor). 9.20 School for Sceptics. 10.05 Mozart and Chopin played by Kristin Merscher (piano). 10.45 Arditti String Quartet. 11.45 Tito Schipa (tenor) sings arias by Donizetti and Massenet. 11.57-12.00 News.

BBC RADIO 4
7.00 am Today. 9.00 News. 9.05 Sport on 4. 9.30 Breakaway. 10.00 *News; Loose Ends with Ned Sherrin* and guests. 11.00 The Week in Westminster. 11.25 From Our Own Correspondent. 11.55 The Weekend on 4. *12.00 News; Money Box.* 12.27 pm The News Quiz (S). 12.55 Weather 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.00 News; Dilys *Powell's History of the British Opera* (S). 2.30 The Afternoon Play (S) 3.45 A Day In The Hills. 4.00 News; International Assignment. 4.30 Science Now.
5.00 The Living World. 5.25 Week Ending. 5.50 Shipping Forecast. 5.55 *Weather; Travel.* 6.00 *News; Sports* Round-Up. 6.25 Stop the Week with Robert Robinson (S). 7.00 Saturday Night Theatre (S). 8.30 Baker's Dozen *(S).* 9.30 *Thriller!* 9.50 Ten to Ten (S). 9.58 Weather. 10.00 News. 10.15 The Saturday Feature (S). 10.45 Mixed Metafordes. 11.00 Big Jim and the Figaro Club. 11.30 Cliffhanger (S). 12.00-12.15 am News.

SUNDAY

† Indicates programme in black and white.

BBC 1
8.55 am Play School. 9.15 Signs of Hope. 10.00 Asian Magazine. 10.30 Take Nobody's Word For It. 10.55 The Interview Game. 11.20 Lyn Marshall's Everyday Yoga. 11.30 Parent Programme. 11.45 Telejournal. 12.10 pm Sign Extra. 12.35 Farming. 12.58 *Weather for Farmers.*
1.00 This Week, Next Week. 2.00 Eastenders. †3.00 Film: "Only Angels Have Wings" starring Cary Grant. *4.55 Athletics from Warsaw: The IAAF* World Cross-Country Championships. 5.30 Antiques Roadshow. 6.15 You in Mind. 6.25 News. 6.40 Songs of Praise. 7.15 Last of the Summer Wine. 7.45 Mastermind. 8.15 The British Academy Awards live from the Grosvenor House, London. 11.00 News. 11.15 Heart of the Matter.

BBC 2
2.00 pm International Rugby Special (Highlights of yesterday's international clashes). 3.00 "The Gondoliers" or "The King of Barataria," an opera by W. S. Gilbert, and Arthur Sullivan. 4.50 The Aeronauts (animated film). 5.05 Music in Camera. 5.50 Thinking Aloud. 6.30 The Money Programme. 7.15 On The House. 7.45 The First Eden. 8.40 Demolition Man. 9.15 Did You See . . . ? 10.00 Screen Two: "Poppyland." †11.25-12.55 *am Film: "Crashout."* (Stars William Bendix and Arthur Kennedy).

LONDON
6.55 am TV-am Breakfast Programme. 9.25 Wake Up London. 9.30 Disney's Adventures of the Gummi Bears. 10.00 No. 73. 10.30 The Adventures of Black Beauty. 11.00 Morning Worship. 11.45 The Old Testament in Art. 12.00 Weekend World. 1.00 pm Police 5. 1.15 The Smurfs. 1.30 Getting On. 2.00 LWT News Headlines followed by Encounter. 2.30 The Big Match Live—*Spurs v Liverpool.* 4.30 *Supergran.*
5.00 Bullseye. 5.30 Lone Furrow. 6.00 The Television Show. 6.30 News. 6.40 Highway. 7.15 Catchphrase. 7.45 The James Bond Film: "Dr No." starring Sean Connery, Ursula Andress and Joseph Wiseman. 9.45 News. 10.00 Clive James on Television. 10.30 The South Bank Show. 11.30 LWT News Headlines followed by Cutter to Houston.

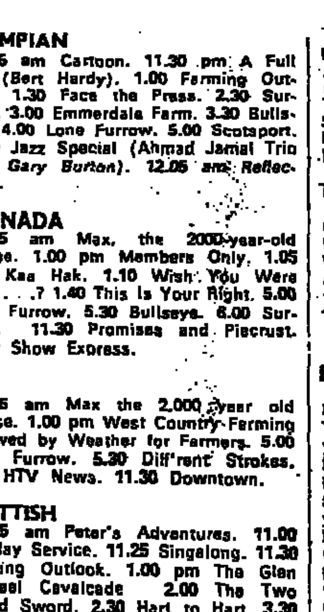
CHANNEL 4
9.25 am Sunday East. followed by: Deewarain. 10.00 The World This Week. 11.00 Worzel Gummidge. 11.30 The Waltons. 12.30 pm The Tube. 2.00 Rebecca. †2.30 *"All Quiet On The* Western Front," starring Lew Ayres. †4.55 "The Six Sided Triangle." 5.30 The Business Programme. 6.15 International Volleyball: The Pickfords Travel Trophy. 7.15 The World At War. 8.15 A-Z of C & W with Hank Wangford. †9.15 *Armchair Theatre.* †10.20 "I AM A Camera." †12.10 am The Twilight Zone.

S4C WALES
9.00 am Hafoc. 10.00 The World This Week. 11.00 Worzel Gummidge. 11.30 *The Waltons.* 12.30 pm The Tube. 2.00 Feature Film: "Mistress of Paradise." 3.45 World of Animation. 4.00 Horses. 5.00 7 Days.
5.30 pm The Business Programme. 6.15 International Volleyball. 7.30 Newyddion. 7.30 Cais Am Gan. 8.00 Pobol Y Cwm. 8.30 Dechrau Canu Dechrau Canmol. 9.00 Plu Chwithig 9.35 Allan O 'R Cysgodion. 10.40 Feature Film: "Love With The Proper *Stranger."*

IBA Regions as London except at the following times:—

ANGLIA
9.25 am Cartoon Times. †1.00pm The Beverly Hillbillies. 1.28 Weather Trends. 1.30 Farming Diary 5.000 Lone Furrow. 5.30 Emmerdale Farm 11.30 The New Avengers. 12.30 am The Last Book.

BORDER
9.25 am Border Diary. 1.00 pm Farming Outlook. 5.00 Lone Furrow. 5.30 Look Who's Talking (Evelyn Laye). 11.30 Film: "Attracta."



Lew Ayres in "All Quiet On the Western Front," C4 2.30 pm

CENTRAL
9.25 am Max the 2000 Year Old Mouse. 1.00 pm Getting On. 1.30 Here and Now. 5.00 The Lone Furrow. 5.30 *Survival.* 11.30 *Jazz and Blues: I am* the Blues—Willie Dixon. 12.30 am Central Jobfinder '87.

CHANNEL
9.25 am Today's Weather. 9.26 Starting Point. 1.00 pm Les Français Chez-Vous. 1.30 Enterprise South. 6.25 Channel News Headlines. †11.30 The Mysteries of Edgar Wallace.

GRAMPIAN
9.25 am Cartoon. 11.30 pm A Full Life (Bert Hardy). 1.00 Farming Outlook. 1.30 Face the Press. 2.30 Survival. 3.00 Emmerdale Farm. 3.30 Bullseye. 4.00 Lone Furrow. 5.00 Scotsport. 11.30 Jazz Special (Ahmad Jamal Trio *with Gary Burton).* 12.05 am Reflections.

GRANADA
9.25 am Max, the 2000-year-old Mouse. 1.00 pm Members Only. 1.05 Aap Kaa Hak. 1.10 Wish You Were Here . . . ? 1.40 This Is Your Right. 5.00 Lone Furrow. 5.30 Bullseye. 6.00 Survival. 11.30 Promises and Piecrust. 12.00 Show Express.

HTV
9.25 am Max the 2,000-year old Mouse. 1.00 pm West Country Farming followed by Weather for Farmers. 5.00 Lone Furrow. 5.30 Diff'rent Strokes. 6.35 HTV News. 11.30 Downtown.

SCOTTISH
9.25 am Peter's Adventures. 11.00 Sunday Service. 11.25 Singalong. 11.30 Farming Outlook. 1.00 pm The Glen Michael Cavalcade 2.00 The Two Edged Sword. 2.30 Hart to Hart. 3.30 Bullseye. 4.00 *Lone Furrow.* 5.00 *Scotsport.* †11.30 Mysteries of Edgar Wallace. 12.35 am Late Call.
9.25 am Look and See. 1.00 pm The *South West Week.* 1.30 Farming News. 4.30 Gardens for All. 5.00 Supergran. 6.35 TSW News. 11.30 Promises and Piecrust. 11.55 pm Postscript Postbag.
9.25 am Employment Action! 1.00 pm Agenda. 1.30 Enterprise South. 5.00 Survival. 6.25 TVS News. 11.30 The Mysteries *of Edgar Wallace.* 12.30 am Company.

TSW
9.25 am Hello Sunday. 1.00 am Farming Outlook. 1.30 pm Face the Press. 5.00 Lone Furrow. 5.30 Northern Life—Sunday Edition. 6.00 Bullseye. 11.30 The Television Show. 12.00 Hotel. 12.45 am Epilogue.
9.25 am Cartoon Time. 12.58 pm Lunchtime News. 1.00 Getting On. 1.30 Advice with Anne Hailes. 1.58 Farming Weather. 5.00 Lone Furrow. 5.30 The Cosby Show. 6.00 The Television Show. 6.38 Ulster News. 9.57 Ulster News. 11.30 Magnum. 12.25 am Sports Results. 12.30 News at Bedtime.

TVS
9.25 am Cartoon Time. 1.00 pm Getting On, 1.25 *Farming Diary.* followed by Farming and Inshore Weather. 5.00 Lone Furrow. 5.30 You and E.Y.E. 6.00 The Television Show. †1130 *The Mysteries of Edgar Wallace.* 12.35 am Five Minutes. 12.40 Jobfinder.

Stereo on VHF

BBC RADIO 2
7.30 am Roger Royle says "Good Morning Sunday." 9.05 Melodies for You. 11.00 *Desmond Carrington* with your Radio 2 all-time greats. 2.00 pm Benny Green. 3.00 Alan Dell. 4.00 Black Magic. 4.30 Sing Something Simple. 5.00 Charlie Chester with your "Sunday Soapbox." 7.00 Vince Hill's Solid Gold Music Show. 7.30 Operetta Nights presented by Nigel Douglas. 8.30 Sunday Half Hour. 9.00 Your Hundred Best Tunes. 10.05 Songs From The Shows. 10.45 Yitkin Seow *at the piano.* 11.00 Sounds of Jazz with Tony Russell. 1.00 am Bill Rennells presents "Nightride." 3.00-4.00 A Little Night Music.

BBC RADIO 3
7.00 am News. 7.05 Schubert's Church *Music.* 9.00 *World Service* News. 9.10 Mstislav Rostropovich (cellist, pianist and conductor). 9.00 News. 9.05 Your Concert Choice. *10.30 Music Weekly.* 11.15 Janina Fialkowska (piano) plays music by Mendelssohn, Beethoven and Schumann. 12.15 pm From the Proms 86, *National* Youth Orchestra of Great Britain: Debussy (Three Symphonic Sketches: La mer): (12.40 Interval Reading); 12.45 Messiaen (Turangalila Symphony). 2.15 BBC Singers: Mendelssohn, Schubert, Holst, Thea Musgrave: (3.00 Interval Reading): 3.05 Wolf, Anthony Payne, Bruckner, Parry. 3.45 Bartok's Piano Quintet. 4.30 BBC Symphony Orchestra in Moscow conducted by Sir John Pritchard with Natalia Gutman (cello) direct from the Moscow Conservatory, Russia: Oliver Knussen (*Symphony No 3 Op 18*), Elgar (Cello Concerto in E minor); 5.15 "What Books I Please," on Sigismund von Herbtstein; Scriabin *(Symphony No 3 in C).* 6.40 *The* Jesuits (third of six documentaries by Lord Rawlinson). 7.25 The English Brass Ensemble. 8.20 London Fortepiano Trio: Mozart, Hummel; (9.00 Interval Reading); 9.05 Beethoven. 9.45 Sounds of Finland. 11.00 Compline for the Third Sunday in Lent. 11.57-12.00 News.

BBC RADIO 4
7.00 am *News.* 7.10 *Sunday Papers.* 7.15 The Local Network. 7.40 Sunday, including 7.55 Weather; Travel. 8.00 News. 8.10 Sunday Papers. 8.50 The Week's Good Cause. 8.55 Weather; Travel. 9.00 News. 9.10 Sunday Papers. 9.15 Letter from America by Alistair Cook. 9.30 *Morning Service* (S). 10.15 The Archers (Omnibus edition). 11.15 Pick of the Week (S). 12.55 Weather. 1.00 The World this Week-*end.* 1.55 Shipping Forecast. 2.00 News; Gardeners' Question Time. 2.30 The Lord of the Rings (S). 3.30 Literary Walks. 4.00 News; The Food Programme. 4.30 The Natural History Programme.
5.00 News; Travel. 5.05 Shipping *Forecast.* 5.55 *Weather; Travel.* 6.00 News. 6.15 Feedback: Christopher Dunkley, with your comments, complaints and queries about the BBC. 6.30 In Praise Of God—For Thomas Cranmer (S). 7.00 Martin Chuzzlewit by Charles Dickens (S). 8.00 Bookshelf. 8.30 An Infamous Address. 8.45 The Resurrection of Christ. 9.00 News. Proof, by Dick Francis (S). 9.30 Law in Action. 9.55 Weather; Travel. 10.00 *News.* 10.15 *The Sunday Feature* (S). 11.00 Seeds of Faith (S). 11.15 In Committee. 12.00-12.15 am News.

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